

nomad
building solutions limited

annual report
2007

NOMAD BUILDING SOLUTIONS LIMITED

ABN 52 117 371 418

DIRECTORS

Geoffrey Lloyd Allen (Chairman)
Phillip Wayne Guy (Managing Director)
Richard Lennox Blair
Peter John Slaughter
Wayne James McGrath

SECRETARIES

Gregory Arthur Dower
Jeremy Charles McLennan

CHIEF FINANCIAL OFFICER

Gregory Arthur Dower

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

51 Alacrity Place
Henderson WA 6166

WEBSITE ADDRESS

www.nomadbuildingsolutions.com.au

AUDITORS

BDO Kendalls Audit and Assurance (WA) Pty Ltd
128 Hay Street
Subiaco WA 6008

SOLICITORS

Deacons
Level 39 BankWest Tower
108 St Georges Terrace
Perth WA 6000

BANKERS

Westpac Banking Corporation Limited
Level 14
109 St Georges Terrace
Perth WA 6000

TAX ADVISORS

PKF Chartered Accountants and Business Advisors
Level 7 BGC Centre
28 The Esplanade
Perth WA 6000

SHARE REGISTRY SERVICES

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

STOCK EXCHANGE LISTING

Nomad Building Solutions Limited shares are listed
on the Australian Stock Exchange.

ASX CODE: NOD



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This publication is printed using vegetable-based inks on paper that is chlorine free and sourced from sustainable forestry.

Both paper manufacturer and printer are certified to ISO 14001, the internationally recognised standard for environmental management.



Vision & Mission Statements

VISION STATEMENT

TO BE THE PREFERRED PROVIDER OF MODULAR BUILDING SOLUTIONS FOR ALL SECTORS AND FOR ALL CUSTOMERS, DELIVERING TIMELY AND QUALITY OUTCOMES TO OUR CUSTOMERS, STAFF, SHAREHOLDERS AND STAKEHOLDERS.

MISSION STATEMENT

In being the provider of choice, the Company embraces the following principles:

- To provide an environment for our employees, contractors, suppliers and clients where our attention to safety is priority and paramount to success.
- To provide a timely and quality standard of product and service, that far surpasses that of our competitors and genuinely delights our customers.
- To promote an operating culture of openness, accountability, honesty, trust and integrity in all of our business associations.
- To provide a platform where all our employees can grow in developing their skills and are encouraged to grow and develop their skills.
- To deliver above average returns to all of our shareholders, customers, staff and stakeholders.



Chairman's Report



It is a great pleasure to report to shareholders for the first time as a listed company.

The past year has been one of massive change for the Company commencing with the successful initial public offer of shares in the Company and subsequent listing on the Australian Stock Exchange in October 2006. The public listing of the Company culminated a carefully managed process starting with the management buyout of the Nomad business in December 2005.

The acquisition of McGrath Homes in December 2006 was another significant milestone in shaping the Group's operations. McGrath Homes has provided the Group with a quality alternative product which, when coupled with Nomad's existing relationship and project management abilities, has enabled the Group to expand its market with key resource sector clients.

The Group was able to successfully tender a number of contracts including the recent award of the single largest contract in the Group's short history being the contract for a 1,500 person accommodation village for Woodside's Gap Ridge project. The Group has been able to maintain strong working relationships with major resource companies while at the same time retaining a diverse client base generating a number of contracts of between \$2 million and \$7 million which is an important component of the Group's business.

The Company has exceeded all expectations in recording a profit of \$16.6 million for the year ended 30 June 2007 on revenue of \$209 million. This strong result enabled the board to declare a final dividend of 4 cents per share, fully franked, on top of the 3.5 cent fully franked interim dividend.

The results achieved and the major changes implemented over the past year would not have been achieved without the great vision and direction of our Managing Director, Mr Phil Guy. Phil and his support team have performed admirably under the great stress of such major growth and change. The Group is fortunate to also have a diligent employee workforce and base of contractors who work with great skill and diligence to produce a quality product.

The Group is well positioned to continue to grow either by extending the capacity of the current business or through strategic acquisition such as the recently announced Halley Homes acquisition. The unprecedented prevailing economic conditions in which the Company operates provides great opportunities for the Group. The focus for the Board and management is to capitalise on these conditions to build a Group with sustainable returns that exceed those of our peers and the market generally.

I and the rest of the Board look forward to the challenges that lie ahead in continuing to grow your Company for the benefit of all stakeholders.

A handwritten signature in black ink, appearing to read 'Geoffrey Allen'.

Geoffrey Allen
Chairman
NOMAD BUILDING SOLUTIONS LIMITED



Managing Director's Report

It is with pleasure that I present to you the Managing Director's report for the year ended 30 June 2007 for Nomad Building Solutions Limited.

This report addresses a number of key issues related to the Company's successful results, major achievements, strategic views, overview of the Company's operational areas, and finally a where to from now for the Nomad Group.

The operations of the Group are structured as follows with senior executive responsibilities:

- Finance
- Environmental Health & Safety and Human Resources
- McGrath Homes
- Operations
- Sales and Marketing
- Queensland

Separate reports from the executive managers of each division forms part of this report.

Right now, and conceivably for a long time into the future, Australia remains in an extremely vibrant economy buoyed on by the ever burgeoning resources sector and the positive benefits which flow through to a large number of other sectors. The demand for commodities, goods and services from Australia is significant, and has provided our wonderful country with so many dynamic opportunities. Business, I believe, will continue to grow, develop further and benefit greatly from the global appetite for Australian commodities, goods and services.

The 2007 year has been one of great success for the Nomad Group with increased revenue, improved profits and a large number of significant achievements being recorded.

Revenue for the year of \$208.9m was up 27% from the prospectus forecast, EBIT for the year of \$26.0m was up 40% from the prospectus forecast and NPAT for the year of \$16.6m was up 44% from the prospectus forecast.

The 2007 financial year was founded upon a number of key and major achievements within the Group including the following:

- the listing on the Australian Stock Exchange in October 2006,
- the acquisition and integration of McGrath Homes in December 2006,
- the development and strengthening of the Queensland operations,
- the launching of McGrath Project Housing and Lifestyle Living Solutions,
- the expansion of the Group's operations and capacity,
- the high rate in tendering and negotiating a number of key resources and housing projects,
- the investment of \$17.7m into the Group's hire fleet,
- the appointment of a number of key executive and senior management staff,
- the implementation of a number of initiatives to improve the safety culture.

Managing Director's Report (continued)

As a result of the Group's rapid growth, the Group has, and is currently working on a significant number of higher level improvement projects based around the following:

- process and procedure benefits,
- staff training and growth programmes,
- group efficiencies/synergies,
- research and development.

All of these will form part of a comprehensive 5 year strategic growth plan currently being developed in conjunction with the Board.

The Group is committed to growth and the expansion of capacity of existing operations on a managed basis while it is also our intention to ensure we consider strategic acquisitions to facilitate profitable growth.

It is important that we continue to grow our hire fleet, continue to grow and develop other markets and sectors, but remain firmly committed to our core area of expertise being resources and housing related projects.

The objectives and growth areas of the Group are best summarised in the following way:

Objective ► Grow the Business ► Secure the Market Position ► Increase Shareholder Returns			
CORE BUSINESS	OPPORTUNITIES	FOCUS AREA	OUTCOMES
Resources	<ul style="list-style-type: none"> • Construction villages • Operation villages • Administration facilities • Site facilities 	Australia	Revenue growth Improved margins Increased profits Increase NPAT%
Lifestyle	<ul style="list-style-type: none"> • Park Homes • Caravan Parks, Property Development • Retirement 	South East Asia Other Export Markets	
Commercial	<ul style="list-style-type: none"> • Education • Building/Construction 	Target projects in maximising our expertise	
Housing	<ul style="list-style-type: none"> • Mining/Resources • Project/Developers • Rural/Domestic 	Long-term contracts	
Site Installation	<ul style="list-style-type: none"> • Acquisitions • Further capacity 	Management of risk	

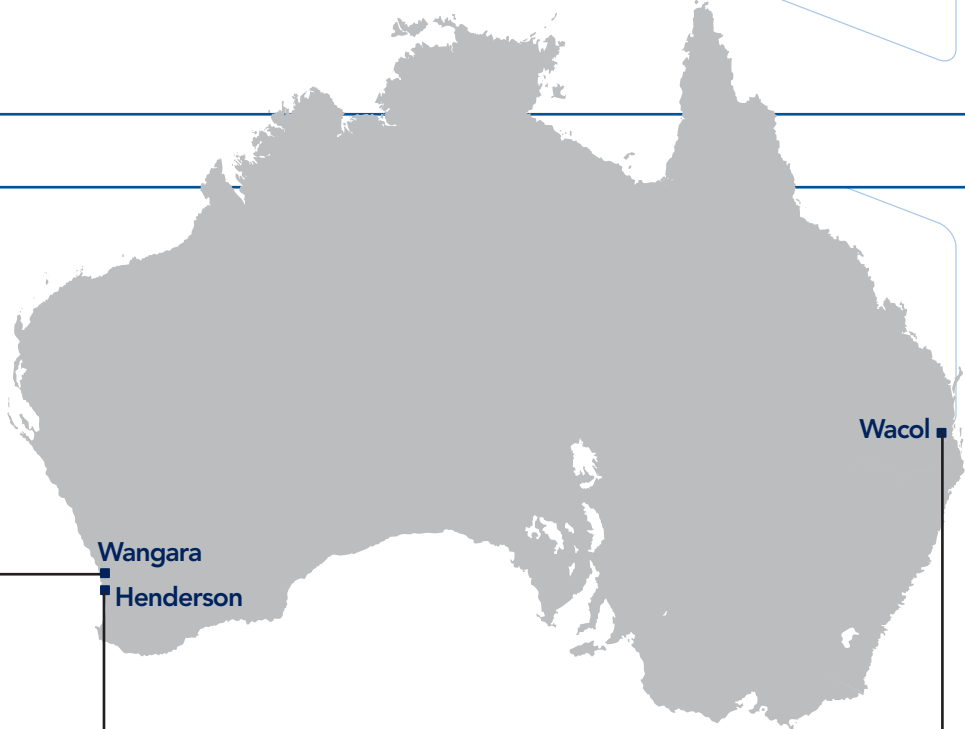
The expectation is for a continued period of strong growth over the next 3 to 5 years in terms of both revenue and profits.

I wish to recognise the valuable contribution of all our staff, suppliers and contractors to the business throughout 2007 and thank them on behalf of the Board for their efforts.

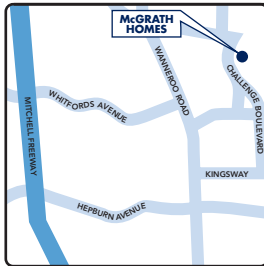


Phil Guy
Managing Director
NOMAD BUILDING SOLUTIONS LIMITED

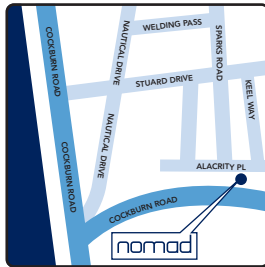
Locations



McGrath Homes
31 Challenge Boulevard
Wangara WA 6065
P: (08) 9302 1131
F: (08) 9302 1132

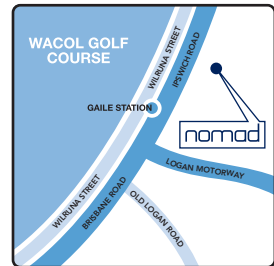


Wangara
Henderson



Nomad
Western Australia
51 Alacrity Place
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P: (08) 9437 8600
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Nomad
Queensland
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F: (07) 3271 6444

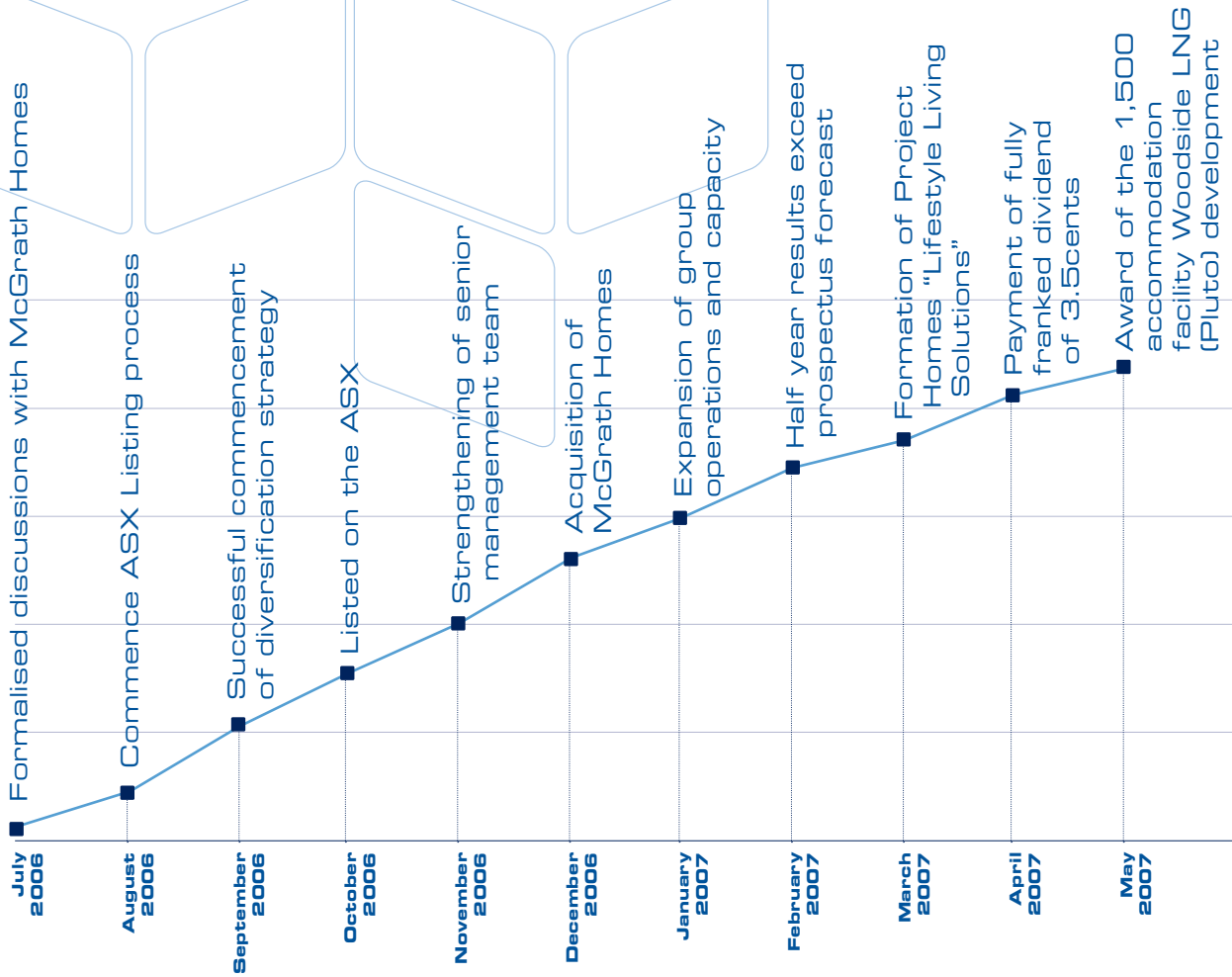


Peter Slaughter

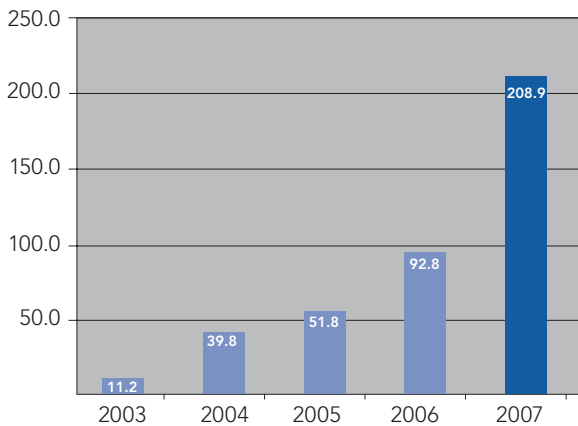


**The Board of
Nomad Building
Solutions Limited**
Phil Guy
Geoffrey Allen
Richard Blair
Wayne McGrath

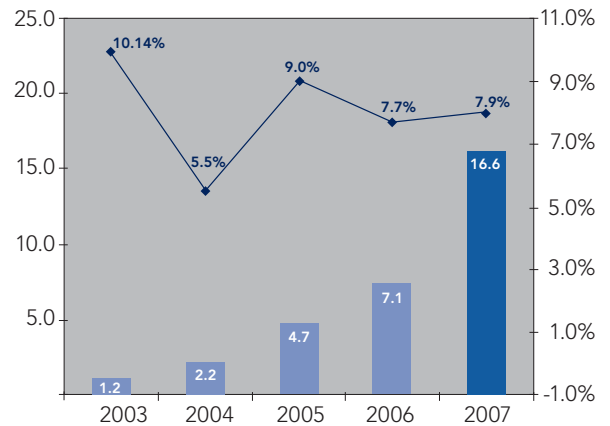
2006/2007 Highlights



Revenue (reported)
\$m



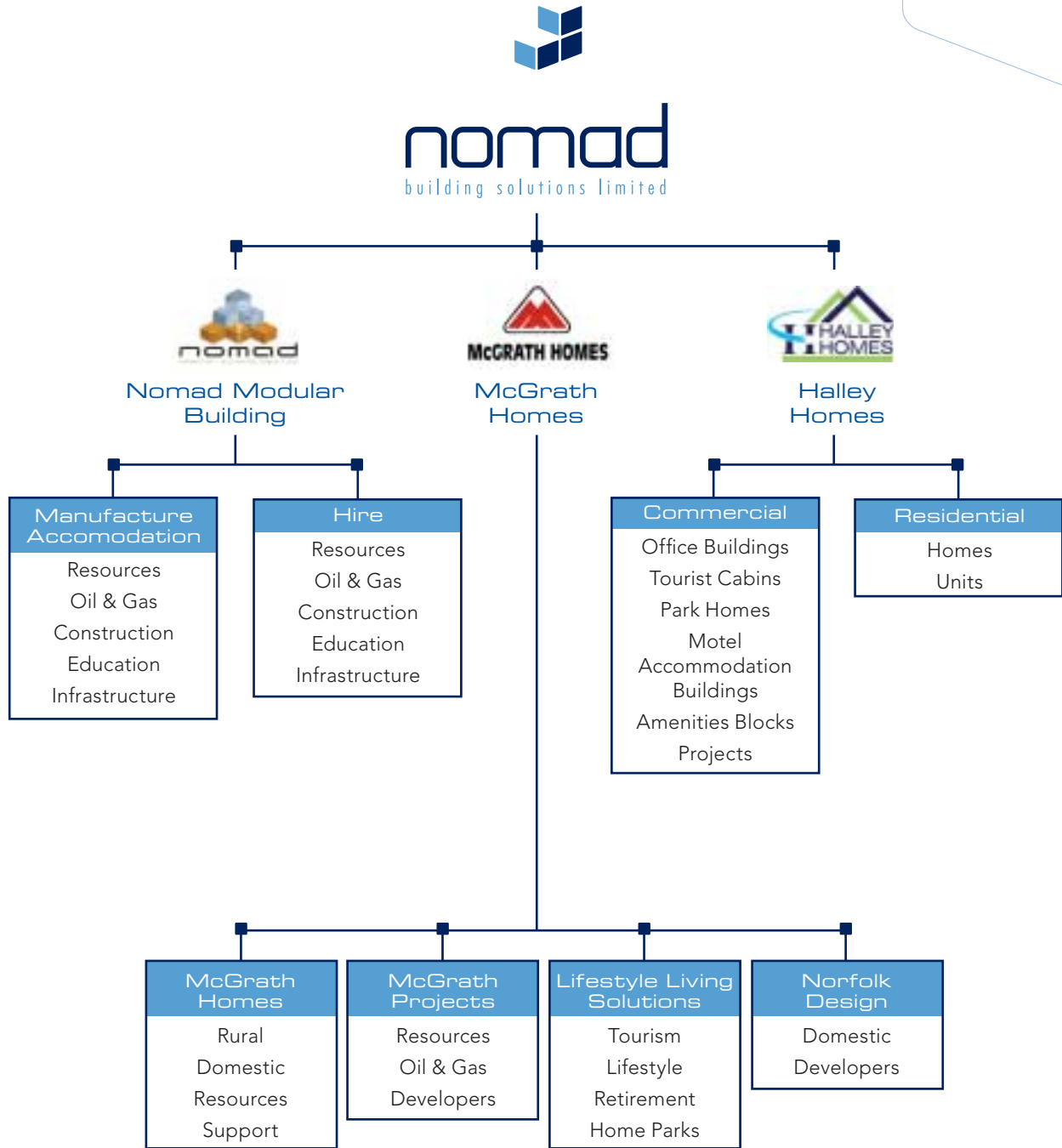
Net Profit after Tax (reported)
\$m



Note: 2006 and prior based on Nomad business only.



Company Structure





Finance Report

The past year has been a very busy one from a finance and administration perspective.

A great amount of effort and time has been consumed in the:

- development of procedures and systems to cope with the rapid expansion of the operating base,
- assisting with the preparation of the prospectus for the initial public offer of shares,
- integration of the McGrath Homes business,
- change of prime bankers and increase in available facilities,
- introduction of reporting and monitoring systems suitable for a publicly listed company,
- ensuring compliance matters are efficiently managed.

Operating Result

As this is the first full year of trading for the Group, meaningful comparative information is not available. Comparisons are made to the forecast included in the prospectus dated 25 September 2006 issued as part of the initial public offer of shares.

The net profit after tax of \$16.6m was achieved on revenue of \$208.9m. The key performance indicators of the result are summarised as:

	Actual \$'000	Prospectus forecast \$'000	Increase (decrease) \$'000
Revenue	208,949	164,500	44,449
Net profit after tax	16,612	11,500	5,112
Profit before tax	23,815	16,500	7,315
EBIT	26,016	18,600	7,416
EBITDA	29,365	22,500	6,865
% of revenue			
EBITDA	14.0%	13.4%	0.6%
EBIT	12.4%	11.6%	0.8%
Profit before tax	11.4%	10.0%	1.4%
Net profit after tax	7.9%	7.0%	0.9%
Earnings per share	18.9 cents	13.1 cents	5.8 cents
Interest cover	11.8 times	8.9 times	2.9 times
Dividends per share	7.5 cents	6.0 cents	1.5 cents

As is evident from the above table, the Group has exceeded the prospectus forecast in all areas. The encouraging aspect of the result is the increased returns as a percentage of revenue.

The interest cover indicates that the Group is able to easily cover the financing costs incurred.

Finance Report (continued)

Balance Sheet

The main movements in the balance sheet during the past year are summarised as:

	30 June 2007 \$'000	30 June 2006 \$'000	Increase (decrease) \$'000
Cash	13,890	2,549	11,341
Intangibles	42,734	26,084	16,650
Property, plant and equipment	22,251	5,268	16,983
Borrowings	28,729	21,496	7,233
NET ASSETS / EQUITY	58,905	21,790	37,115
Analysis			
Working capital	7,360	9,153	(1,793)
Net debt	14,839	18,947	(4,108)
Net debt / equity	25.2%	87.0%	(61.8%)
Current ratio	1.4 times	1.2 times	0.2 times

The Group has strengthened its balance sheet position during the year largely due to the strong operating result and the increase in equity from the initial public offer. Total assets have increased following the acquisition of McGrath Homes and the continued investment in the hire building fleet.

Borrowings have increased during the year to fund the investment in the hire building fleet and the acquisition of McGrath Homes. Bank loans and other financing facilities totalling \$17.9m were repaid from the proceeds received from the initial public offer. Despite the overall increase in borrowings, net debt as a percentage of equity is only 25.2%.

Cash Flow

The key numbers from the cash flow statement for the year ended 30 June 2007 are:

	\$'000
Cash flow from operations	24,759
Investing activities	
Payments for property, plant and equipment	(20,102)
Acquisition of McGrath Homes (cash component)	(8,074)
Other	368
Total investing activities	(27,808)
Financing activities	
Capital raising	20,293
Proceeds from borrowings	27,322
Repayment of borrowings	(23,627)
Dividends paid	(9,598)
Total financing activities	14,390
Closing Cash	13,890
Non-cash financing and investing activities	
Issue of shares for McGrath Homes acquisition	8,750

The cash flow from operations equates to 28.2 cents per share. The cash generating ability of the operations provides the capacity for the company to pay regular fully franked dividends to shareholders.

The Group invested \$17.7m during the year in expanding the hire building fleet from 122 to 451 units. Asset finance facilities were utilised to fund the new hire fleet with the debt being repaid predominantly over a 3 year period.

As noted above, funds received from the initial public offer were used to repay debt facilities of \$17.3m used to acquire the Nomad business in December 2005. The remaining \$3.0m obtained from the capital raising was contributed to working capital.

Finance Facilities

In April 2007, the Group changed its primary banker to Westpac Banking Corporation and increased the asset finance facility by \$13.0m to \$25.0m. With the continual growth in revenue, it was also necessary to increase the guarantee facility to cater for the additional requirements. Total finance facilities available to the Group were \$60.0m at 30 June 2007 of which \$45.6m were being utilised. Total finance facilities have increased further since year end to \$72.0m to fund the acquisition of Halley Homes and additional guarantee requirements.

The focus for the finance and administration team remains on ensuring that the Group's systems, processes and reporting functions continue to develop to match the expected growth of the Group.



Greg Dower
Chief Financial Officer



Corporate Manager

Environmental Health & Safety and Human Resources



The 2007 year provided us with a major platform where we were able to launch a number of key initiatives focusing on the following areas:

- environmental health and safety training,
- cultural safety training,
- skills training of our staff and contractors,
- WA construction industry safety awareness "blue card" induction programmes,
- Building Codes of Australia and energy efficiency training.

This program has seen an improvement in the skills of our staff and overall workforce, an improvement to the overall safety culture both in the factories and on construction sites, a far greater understanding of our staff with respect to risk in the workplace and a higher level of audit controls within our operations.

Some of the key achievements for 2007 include:

- "Contractor of the Month Safety Award" for BHP Billiton at the Ravensthorpe Nickel Project,
- 150,000 lost time injury free man hours at Boddington Gold mine,
- workplace silver award for A-frame handling system,
- implementation of employee service agreements and AWA's,
- introduction of performance based reward schemes for all staff.

The Company has grown rapidly during the 2007 year and places great importance upon the value of our staff, contractors and suppliers.

The Company will continue to develop its commitment to further improvements towards safety processes and will continue to invest in the training of our workforce.

A handwritten signature in black ink, appearing to read 'H.P.' with a stylized flourish.

Hans Paulus
Corporate Manager



Chief Executive Officer

McGrath Homes

This 2007 year has been one with major changes for McGrath Homes including the successful integration of McGrath Homes into the Nomad Group.

During the course of this financial year and since becoming part of the Nomad Group, we have implemented a number of key improvements to the business being:

- establishing a separate operation at Neerabup WA to support McGrath Homes Project Housing,
- establishing and launching McGrath Homes "Lifestyle Living Solutions" range of housing for the caravan and home park, tourism and retirement sectors,
- participated in the acquisition of the Halley Homes business in Queensland,
- integrated and merged various operating systems and procedures between Nomad and McGrath.

McGrath have been very successful in utilising the housing skills of McGrath and the logistical skills of Nomad to be awarded a number of key projects:

- \$17m BHP housing contract for Newman,
- \$12m BHP Eco housing contract,
- \$3m Burrup Fertiliser housing contract,
- \$15m Alta Property Group home park in Greenough WA .

McGrath Homes has a large number of further opportunities currently being worked on and are excited about the prospects and further synergies that can be achieved by overseeing Halley Homes in Queensland. We are anticipating a further expansion to our facilities and capacity by the end of the calendar year 2007, for both McGrath and Norfolk Homes. We remain committed to growing the business throughout Western Australia and Queensland and intend to launch Project Housing and Lifestyle Living Solutions in Queensland within the next 2 to 3 months.

A handwritten signature in black ink that reads "W McGrath". The signature is written in a cursive, slightly stylized font.

Wayne McGrath
Chief Executive Officer





General Manager - Operations

Nomad Modular Building



The 2007 year has been an extremely buoyant year for Nomad and in turn the operations group. The growth in the business has presented us with many opportunities.

The key achievements during the course of the year include:

- expansion of the manufacturing capacity at the Phoenix location in Perth WA,
- appointment of additional key operational staff,
- rationalisation of factories and facilities in order to generate increased productivity,
- conclusion of a large number of major contracts,
- establishment of a dedicated project management and contracts team.

Going forward the operations group will continue to focus our efforts in the areas of:

- further increasing productivity,
- rationalisation associated with supply chain costs,
- increasing the capacity of our manufacturing output,
- continuing to grow and train our project managers and supervisors,
- growing the strength of our design and engineering team.

The Company remains focused upon the timely delivery of quality goods and services to our customers. 2008 will bring forth many more operational improvements to the benefit of stakeholders.

A handwritten signature in black ink, appearing to be 'B. Milburn', with a long horizontal stroke extending to the right.

Brendan Milburn
General Manager - Operations



General Manager - Sales and Marketing

Nomad Modular Building

The 2007 year has certainly seen the start of a prolonged period of growth.

Order enquiry levels have increased and continue to reach new highs on a regular basis providing expectation that the 2008 year will continue to show continued demand and growth.

With enquiries remaining at current levels, what has been suggested currently as a boom period in Australia, is now business as usual.

This year has seen Nomad awarded numerous major contracts for resources/oil and gas related projects, including the following:

PROJECTS	FACILITY	CLIENT
Boddington Gold	1,500 person construction facility	Aker Kvaerner Clough Murray Roberts
Ravensthorpe Nickel	1,000 person construction facility and various site facilities	BHP Billiton Limited
Hope Downs Iron Ore	600 person construction facility 300 person village facility	Rio Tinto Limited
FMG Iron Ore	800 person village facility various rail camps	Fortescue Metals Group Limited
Mesa A Iron Ore	600 person construction facility	Robe Mining
Gap Ridge (Pluto)	1,521 person construction facility	Woodside Burrup Limited
Yandi Upgrade	200 person village expansion	BHP Billiton Limited
Aspen Property Group	Various Park Home Development Projects	Aspen Property Group

Whilst busy with current projects, our focus remains on future projects and the implementation of associated project strategies. The Company remains committed to growing and developing other market sectors including commercial, education and hire markets, while expanding on the benefits being offered through the resources sector.

A handwritten signature in black ink, appearing to read 'Dale Putland'. The signature is stylized and written in a cursive-like font.

Dale Putland
General Manager - Sales and Marketing





State Manager - Queensland



Nomad Modular Building

The 2007 year has seen a significant change to the Queensland operations since establishing the business in February 2006.

During this period we have grown from a staff of 3 and workforce of 15 to a staff of 15 and a workforce of 60.

Many achievements were concluded during the past year including the:

- award and completion of the "Lady Annie" project for Copper Co,
- award of the "Prominent Hill Permanent Village" in South Australia for Oxiana Limited,
- first supply of buildings to an overseas project,
- finalisation of establishment issues associated with the Wacol factory,
- completion of a Queensland based strategic business plan.

Given the work completed throughout the 2007 year, along with the above achievements, we find ourselves now in a position to pursue a greater share of the large volume of infrastructure and resource related projects which are, and will be, available in the Queensland market.

We see Queensland as a base to supply areas such as Papua New Guinea, Solomon Islands, East Timor and South East Asia.

The acquisition of Halley Homes in Queensland will provide further opportunities for both divisions to benefit from leveraging existing relationships.

A handwritten signature in black ink, appearing to be 'R Gibson'.

Rowan Gibson
State Manager - Queensland

Major Projects



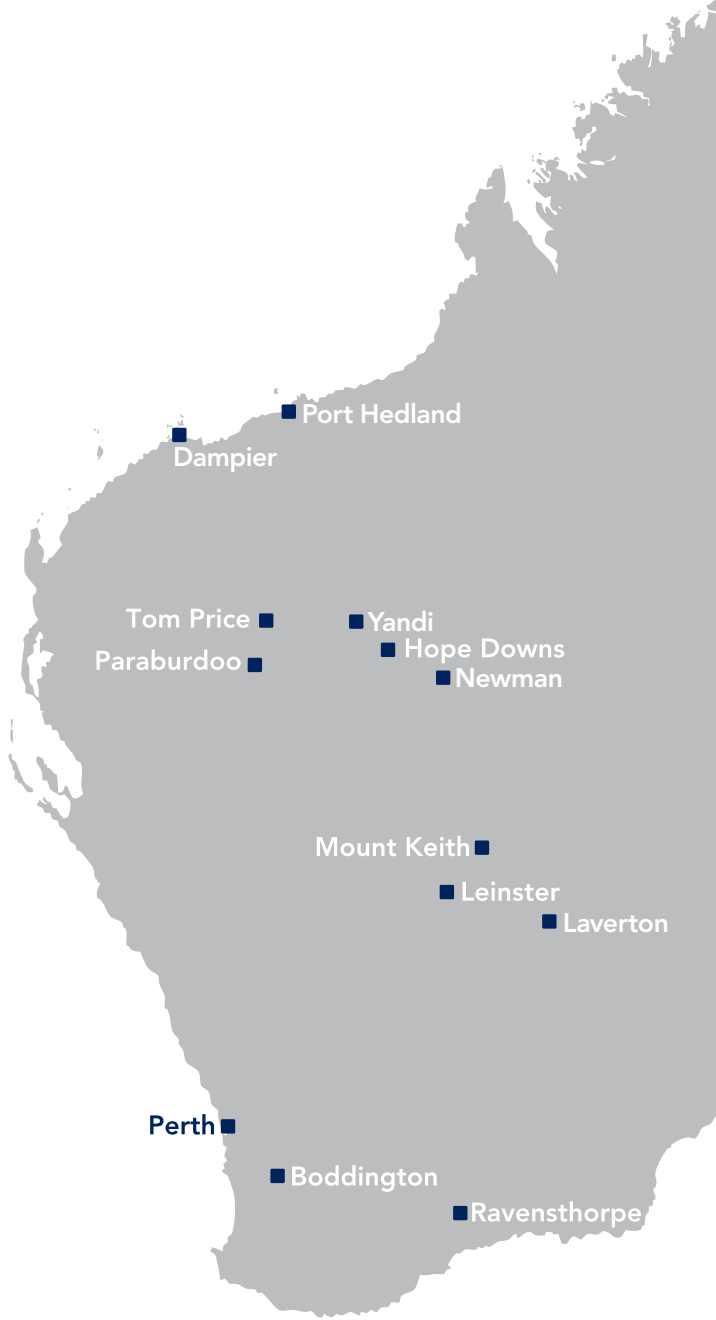
Hope Downs Permanent Village
Hope Downs



Accommodation Facility
Ravensthorpe Joint Venture



Rail Camp
Weelumurra Western Australia





Lady Annie
Mount Isa

Chillagoe ■

■ Mt Isa



Dearloves Caravan Park
Newman



Park Homes
Western Australia



Hope Downs Permanent Village
Newman



Administration Facility
Ravensthorpe Joint Venture

**Hope Downs
Permanent Village**

Hamersley Iron Pty Ltd
Hope Downs WA
Approx. \$22,522,812

**Boddington
Gold Mine**

AKCMR Joint Venture
Boddington WA
Approx. \$45,912,687

Hope Downs

Decmil Australia Pty Ltd
Hope Downs WA
Approx. \$13,138,814

Kitchen facilities

Ravensthorpe Joint Venture
Ravensthorpe WA
Approx. \$6,520,667

Hope Downs EPCM

Hamersley Iron Pty Ltd
Hope Downs WA
Approx. \$2,427,067

Cloudbreak

Fortescue Metals Group Ltd
Newman WA
Approx. \$31,602,340

Lady Annie

Ausenco Service Pty Ltd
Mt Isa QLD
Approx. \$7,797,081

Boddington EPCM

AKCMR Joint Venture
Boddington WA
Approx. \$2,660,842

**Caravan Park
- Newman Upgrade**

DearLoves Pty Ltd
Newman WA
Approx. \$7,412,138

**Yandi
Stage 4 and 5**

BHP Billiton Iron Ore Pty Ltd
Pilbara WA
Approx. \$4,249,609

Leinster Upgrade

Goldfields Mining Company
Agnew WA
Approx. \$2,325,447

Mesa 'A'

Robe Mining
Pannawonica WA
Approx. \$3,937,751

**Area C /
Administration Upgrade**

MPD Joint Venture
Pilbara WA
Approx. \$3,842,958

**Oxiana - Prominent Hill
Permanent Village**

Fluor Australia Pty Ltd
Prominent Hill SA
Approx. \$13,858,285

Kagara Zinc

Mungana Mine
Chillagoe QLD
Approx. \$3,840,176

Fox Hill Camp

Fox Radio Hill Pty Ltd
Karratha WA
Approx. \$2,857,444

Kintrye Exploration

Canning Resources Pty Ltd
Pilbara WA
Approx. \$3,255,111

Jubilee Mines / Sinclair

Sir Samuel Mines N/L
Goldfields WA
Approx. \$8,000,000

Staff Quarters

Springpark Accommodation Pty Ltd
West Perth WA
Approx. \$6,698,792

Gap Ridge Fly Camp

Ngarda Alliance
Karratha WA
Approx. \$3,460,024

**Gap Ridge
1,500 Man Camp**

Woodside Burrup Limited
Karratha WA
Approx. \$54,650,835

BHP Billiton Nickel West

BHP Billiton Nickel West Pty Ltd
Leinster WA
Approx. \$5,135,118

**Cloudbreak
Construction Camp**

Fortescue Metals Group Ltd
Pilbara WA
Approx. \$32,148,565

Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Nomad Building Solutions Limited and the entities it controlled at the end of, or during, the year ended 30 June 2007.

Directors

The following persons were directors of Nomad Building Solutions Limited during the whole of the financial year and up to the date of this report:

- Geoffrey Lloyd Allen – Non-executive Chairman
- Phillip Wayne Guy – Managing Director
- Richard Lennox Blair – Non-executive director

Peter John Slaughter – non-executive director and Wayne James McGrath – executive director were appointed as directors on 24 August 2006 and 21 December 2006 respectively and continue in office at the date of this report.

Ronald Edward Tait was a director from the beginning of the financial year until his resignation on 25 August 2006.

Principal activities

During the year the principal continuing activities of the Group consisted of the manufacture of modular transportable buildings, project management and installation.

The following significant changes in the nature of the activities of the Group occurred during the year:

- (a) acquired Pivot Way Pty Ltd as trustee for the Pivot Way Trust trading as 'McGrath Homes'.
- (b) launched new trading name McGrath Homes 'Lifestyle Living Solutions' through the Pivot Way Trust for the construction of park homes.

Dividends – Nomad Building Solutions Limited

Dividends paid to members during the financial year were as follows:

	2007 \$'000	2006 \$'000
Final 'E' and 'F' class dividend for the year ended 30 June 2006 of \$100 per fully paid share paid on 13 July 2006.	522	-
Final ordinary dividend for the year ended 30 June 2006 of 49.5 cents per fully paid share paid on 29 September 2006 to shareholders prior to listing on the Australian Stock Exchange	5,000	-
Interim ordinary dividend for the year ended 30 June 2007 of 3.5 cents per fully paid share paid on 20 April 2007	4,076	-
	9,598	-

In addition to the above dividends, since the end of the financial year the directors have declared the payment of a final ordinary dividend of \$4,658,645 (4 cents per fully paid share) to be paid on 26 October 2007 out of retained profits at 30 June 2007.

Directors' Report (continued)

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the review of operations and activities on pages 4 to 21 of this annual report.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

- (a) The conversion of the company to a public company on 29 September 2006, an initial public offering conducted in October 2006 and the subsequent listing of the company on the Australian Stock Exchange on 27 October 2006.

	2007 \$'000
(b) An increase in contributed equity of \$30,101,000 (from \$17,500,000 to \$47,601,000) as a result of:	
Issue of 23,868,124 fully paid ordinary shares @ \$1.00 pursuant to a prospectus dated 25 September 2006 for the initial public offer of shares in the company	23,868
Issue of 8,750,000 fully paid ordinary shares @ \$1.00 as part consideration for the acquisition of a controlled entity	8,750
	32,618
Less: Transaction costs arising on share issues, net of current income tax	(2,517)
Net increase in share capital	30,101

- Net cash received from the increase in contributed equity amounting to \$20,293,000 was used principally to repay borrowings that were undertaken to finance the acquisition of a controlled entity.
- The acquisition of the units in the Pivot Way Trust, trading as McGrath Homes, with effect from 1 December 2006.

Matters subsequent to the end of the financial year

Since 30 June 2007, the Group has executed an agreement to acquire the assets and business of Halley Homes, a Brisbane based transportable home builder, for \$5,995,000 with cash consideration of \$3,995,000 and the issue of 673,401 fully paid ordinary shares in Nomad Building Solutions Limited at \$2.97 per share.

The estimated fair value of the net identifiable assets of the company at the date of acquisition, expected to be 31 August 2007, is \$1,140,000 with purchased goodwill amounting to \$5,315,000.

On 15 August 2007, the directors declared the payment of a final ordinary dividend of \$4,658,645 (4 cents per fully paid share) to be paid on 26 October 2007 out of retained profits at 30 June 2007.

Except for the new acquisition and the declaration of the final dividend discussed above, no other matter or circumstance has arisen since 30 June 2007 that has significantly affected, or may significantly affect :

- The Group's operations in future financial years, or
- The results of those operations in future financial years, or
- The Group's state of affairs in future financial years.

Directors' Report (continued)

Likely developments and expected results of operations

Likely developments in the operations of the Group constituted by Nomad Building Solutions Limited and the entities it controls from time to time that were not finalised at the date of this report included the acquisition of the assets and business of Halley Homes, a Brisbane based transportable home builder. The acquisition is expected to be earnings per share accretive.

Additional comments on expected results of certain operations of the Group are included in this annual report under the review of operations and activities on pages 4 to 21.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to unreasonably prejudice the Group.

Environmental regulation

The protection of the environment is an extremely important aspect within the Group's operations and a necessary element of good corporate citizenship.

The Group is committed to implementing systems and procedures to facilitate the adoption and maintenance of sound environmental management and operating practices and to ensure the continual improvement of environmental performance.

The Group's environmental management system will operate to maintain a formalised method of control and minimise the environmental impact of all of the Group's activities.

The Group's environmental objectives, within the bounds dictated by regulatory compliance, are to:

- Establish and maintain environmentally responsible waste management and waste disposal
- Improve the efficiency of energy use
- Minimise harm to flora and fauna
- Store all materials in a manner that reduces their potential release to the atmosphere, soil or water
- Reduce the potential for environmental harm in emergency situations by responding effectively to any emergency using trained personnel and formalised emergency plans
- Ensure that subcontractors and suppliers conform to relevant requirements of our environmental management system
- Promote the adoption of sound environmental practices by all personnel through the improvement of overall environmental awareness

The Group will continue to provide the resources required to achieve effective environmental management, and by doing so give both our client and the community an assurance of their sound environmental performance.

Information on Directors

Mr Geoff Allen

Independent - Chairman - non-executive. Age 69.

Experience and expertise

Mr Geoff Allen has extensive experience in the construction industry. He became a non-executive director and Chairman of the company in March 2006. Mr Allen brings with him the experience gained as Managing Director and Deputy Chairman of Multiplex Constructions Pty Ltd from 1989 to 2003. He is a registered builder and is currently a director of Jaxon Construction Pty Ltd.

Other current directorships (of listed entities)

None

Former directorships in the last 3 years

None

Interest in shares

Mr Allen holds 271,048 shares in the company

Special responsibilities

- Chairman of the Board;
- Member of the remuneration and nominating committee; and
- Member of the audit and risk management committee.

Mr Phil Guy

Managing Director. Age 45.

Experience and expertise

Mr Phil Guy has over 30 years experience in the building, resources and construction industries within Australia and overseas. He has held various roles including General Manager WA of Ausco Building Systems Pty Limited from 1992 to 1994; Regional Manager WA from 1994 to 1995; National General Manager of Mining Resources and Infrastructure from 1995 to 2000 for James Hardie Building Systems Pty Ltd and National General Manager of Mining, Resources and Infrastructure Waco International from 2000 to 2003. Mr Guy was the Chief Executive Officer of Nomad Modular Building from 2003 until being appointed as the Managing Director of the company when it was incorporated in November 2005.

Other current directorships (of listed entities)

None

Former directorships in the last 3 years

None

Interest in shares

Mr Guy holds 4,356,035 shares in the company.

Special responsibilities

- Managing Director

Directors' Report (continued)

Information on Directors (continued)

Mr Rick Blair CPA

Independent - non-executive. Age 60.

Experience and expertise

Mr Richard Blair has held senior finance and accounting roles in public companies associated with the resource sector for over 25 years including Executive General Manager Finance of Pasmenco Limited from 1988 to 1995; Chief Financial Officer of Eltin Limited from 1997 to 1999 and Chief Financial Officer of Macmahon Holdings Limited from 2000 to 2006. He is a Certified Practising Accountant and Fellow of the Australian Institute of Company Directors. Mr Blair was appointed as a non-executive director of the company in March 2006.

Other current directorships (of listed entities)

None

Former directorships in the last 3 years

None

Interest in shares

Mr Blair holds 180,696 shares in the company.

Special responsibilities

- Member of the remuneration and nominating committee; and
- Chairman of the audit and risk management committee.

Mr Peter Slaughter

Independent non-executive director. Age 63.

Experience and expertise

Mr Peter Slaughter has over 40 years experience with the Australian and international resource and related manufacturing sectors. He has held many senior management and director level positions domestically and overseas. Since 1995 Mr Slaughter has undertaken advisory work and held a number of director roles including Chairman of Childcare Centres Australia Limited (2004) and President and Chairman of the Australian Institute of Management (Qld and NT) from 2002 to 2004. He currently holds positions as Chairman of Monto Minerals Limited and is a non-executive director of both Sunshine Gas Limited and India Gold Limited. Mr Slaughter was appointed a non-executive director of the company on 24 August 2006.

Other current directorships (of listed entities)

Monto Minerals Limited (Chairman)
Sunshine Gas Limited

Former directorships in the last 3 years

None

Interest in shares

Mr Slaughter holds 50,000 shares in the company.

Special responsibilities

- Chairman of the remuneration and nominating committee; and
- Member of the audit and risk management committee.

Information on Directors (continued)

Mr Wayne McGrath

Executive Director and Chief Executive Officer - McGrath Homes. Age 49.

Experience and expertise

Mr Wayne McGrath has 27 years experience with McGrath Homes including the last 15 as Managing Director. Under Wayne's leadership, McGrath Homes has established itself at the forefront of the construction of transportable homes to a permanent standard in Western Australia. Mr McGrath has held a registered builders licence since 1995 and has extensive experience across all areas of the building industry.

Other current directorships (of listed entities)

None

Former directorships in the last 3 years

None

Interest in shares

Mr McGrath holds 4,550,000 shares in the company.

Special responsibilities

- Chief Executive Officer McGrath Homes

Company secretaries

The company secretaries of the company are Gregory Arthur Dower and Jeremy Charles McLennan.

Mr Dower has over 25 years experience in accounting, secretarial and finance in both private and public companies, including 10 years as Company Secretary and Financial Controller of Ausdrill Limited. He is a qualified Certified Practising Accountant and a Fellow of the Finance Services Institute of Australia. Mr Dower was appointed as Chief Financial Officer and Company Secretary in December 2006.

Mr McLennan has a Bachelor of Commerce degree and is an associate member of CPA Australia. Mr McLennan was appointed as company secretary in December 2005 and is also currently the Financial Controller for the Group. In his role Mr McLennan is responsible for all finance and accounting matters in relation to the Nomad Group reporting to the Chief Financial Officer.

Meetings of directors

The number of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2007, and the number of meetings attended by each director were as follows:

	Full meetings of Board		Audit and Risk Management		Remuneration and Nomination	
	A	B	A	B	A	B
GL Allen	16	16	2	2	2	2
RL Blair	14	16	2	2	2	2
PJ Slaughter	15	15	2	2	2	2
PW Guy	16	16	*	*	*	*
WJ McGrath	7	9	*	*	*	*
RE Tait	1	1	*	*	*	*

A = Number of meetings attended, B = Number of meetings held during the time the director held office or was a member of the committee, * = Not a member of the relevant committee.

Retirement, election and continuation in office of directors

Mr R E Tait retired as a director on 25 August 2006 and did not offer himself for re-election.

Mr W J McGrath was appointed as a director on 21 December 2006. In accordance with the Constitution, Mr McGrath retires as a director at the annual general meeting and being eligible, offers himself for re-election.

Mr G L Allen is the director retiring by rotation who being eligible offers himself for re-election.

Directors' Report (continued)

CORPORATE GOVERNANCE STATEMENT

The Board of Nomad Building Solutions Limited and its controlled entities are committed to achieving and demonstrating the highest standards of corporate governance. A periodic review of the Company's corporate governance framework is conducted to ensure compatibility with the best practice recommendations released by the Australian Stock Exchange Corporate Governance Council. The Company's framework is largely consistent with the recommendations, with departures from best practice recommendations occurring mainly due to the small size of Board of Directors. The Company and its controlled entities together are referred to as the Group in this statement.

The relationship between the Board and senior management is critical to the Group's long term success. The directors are responsible to the shareholders for the performance of the Company in both the short and longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director and senior executives.

A description of the Company's main corporate governance practices is set out below. These practices were adopted prior to listing on the Australian Stock Exchange in October 2006. The corporate governance policies are available on the Company's website: www.nomadbuildingsolutions.com.au.

The Board of Directors

The Board of Directors takes ultimate responsibility for corporate governance and operates in accordance with the following board principles.

Board composition

- The Board should comprise between 3 and 9 directors.
- The Board is to be comprised of both executive and non-executive directors with a majority of non-executives. Non-executive directors bring a fresh perspective to the Board's consideration of strategic, risk and performance matters and are best placed to exercise independent judgement and review and constructively challenge the performance of management.
- In recognition of the importance of independent views and the Board's role in supervising the activities of management, the Chairman must be an independent non-executive director, the majority of the Board must be independent of management and all directors are required to bring independent judgement to bear in their Board decision-making.
- The Chairman is elected by the full Board and is required to meet regularly with the Managing Director.
- The Company is to maintain a mix of directors on the Board from different backgrounds with complementary skills and experience.
- The Board undertakes an annual Board performance review and considers the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Group.

The Chief Financial Officer attends board meetings except when non-executive director meetings are held or when matters associated with senior employee performance are being discussed.

Responsibilities

The responsibilities of the Board include:

- providing strategic guidance to the Company including contributing to the development of and approving the corporate strategy,
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives,

CORPORATE GOVERNANCE STATEMENT (continued)

- overseeing and monitoring,
 - organisational performance and the achievement of the Group's strategic goals and objectives.
 - progress of major capital expenditures and other significant corporate projects including any acquisitions or divestment.
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the company's auditors,
- appointment, performance assessment and, if necessary, removal of the Managing Director,
- ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team including the Group Operation Managers and the Chief Financial Officer,
- ensuring there are effective management processes in place and approving major corporate initiatives,
- enhancing and protecting the reputation of the organisation,
- overseeing the operation of the Group's system for compliance and risk management reporting to shareholders,

To assist in fulfilling its responsibilities, the Board has an Audit & Risk Management Committee and a Nomination & Remuneration Committee.

Board members

Details of the members of the Board, their experience, expertise, qualifications and term of office are set out in the directors' report under the heading "Information on directors". The Board comprises three non-executive directors and two executive directors. The non-executive directors are deemed independent at the date of signing the directors' report under the principles set out below providing the Board with a majority of independent directors in accordance with the ASX Corporate Governance Council's best practice recommendations.

The Board seeks to ensure that:

- at any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Group and directors with an external or fresh perspective
- the size of the Board is conducive to effective discussion and efficient decision-making.

Directors' independence

The Board has adopted specific principles in relation to directors' independence. These state that to be deemed independent, a director must be a non-executive and:

- not be a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company,
- within the last three years, not have been employed in an executive capacity by the Company or any other Group member, or been a director after ceasing to hold any such employment,
- within the last three years not have been a principal of a material professional adviser or a material consultant to the Company or any other Group member, or any employee materially associated with the service provided,
- not be a material supplier or customer of the Company or any other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer,
- must have no material contractual relationship with the Company or a controlled entity other than as a director of the Group,
- not have been on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interest of the Company,
- be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. A transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the director's performance.

Directors' Report (continued)

CORPORATE GOVERNANCE STATEMENT (continued)

Non-executive directors

The non-executive directors meet twice during the year, without the presence of management, to discuss the operation of the Board and a range of other matters. Relevant matters arising from these meetings are shared with the full Board.

Term of office

Directors are initially appointed by the full Board, subject to election by shareholders at the next annual general meeting. One third of members of the Board, excluding the Managing Director, retire by rotation at every annual general meeting of the Company.

Chairman and Managing Director

The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and ensuring the Board has open access to the Company's senior executives.

The Managing Director is responsible for implementing Group strategies and policies. The roles of Chairman and Managing Director are separate roles to be undertaken by separate people.

Commitment

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2007, and the number of meetings attended by each director is disclosed on page 29.

It is the Company's practice to allow its executive directors to accept appointments outside the Company with prior approval of the Board. No appointments of this nature were accepted during the year ended 30 June 2007.

Prior to appointment, each non-executive director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the Company.

Conflict of interests

An entity connected with Mr W J McGrath had business dealings with the Group during the year, as described in note 26 to the financial statements. The agreement relating to the business dealings was negotiated and executed prior to Mr McGrath being appointed to the Board.

Independent professional advice

Directors and board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

Performance assessment

The Board undertakes an annual review of its collective performance, the performance of the Chairman and of its committees.

CORPORATE GOVERNANCE STATEMENT (continued)

Corporate reporting

The Managing Director and Chief Financial Officer are required to make the following declaration to the Board in relation to six monthly and annual financial statements:

- that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group and are in accordance with relevant accounting standards.

Board committees

To assist in the execution of its duties and to allow detailed consideration of complex issues, the Board has established the following committees:

- audit and risk management, and
- nomination and remuneration.

The committees are comprised entirely of non-executive directors. The committee structure and membership is reviewed on an annual basis.

Each committee has its own role and responsibilities, structure, membership requirements and method of operation. All matters determined by committees are submitted to the full Board as recommendations for Board decision.

Minutes of committee meetings are tabled at the immediately subsequent Board meeting.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of the following directors:

- P J Slaughter (Chairman)
- G L Allen
- R L Blair

Details of the qualifications and attendance at Nomination and Remuneration Committee meetings are set out in the directors' report on pages 27 to 29. All members of the Committee are deemed independent directors in accordance with principles detailed on page 31.

The main responsibilities of the Nomination and Remuneration Committee are to advise the Board on remuneration and incentive policies and practices generally, and make specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

Committee members obtain relevant comparative information and seek independent advice on recent developments on remuneration and related matters. The Committee ensures compliance with the established remuneration framework of the company. Further details and information on directors' and executives remuneration is set out in the directors' report under the heading "Remuneration Report".

The Nomination and Remuneration Committee's responsibilities include the review of any transactions between the organisation and the directors or any interest associated with the directors' to ensure the structure and the terms of the transactions are in compliance with the Corporations Act 2001 and are appropriately disclosed. Further information on related party transactions are set out in notes 26 and 30.

Directors' Report (continued)

CORPORATE GOVERNANCE STATEMENT (continued)

Audit and Risk Management Committee

The audit and risk management committee consists of the following non-executive directors

R L Blair (Chairman)
G L Allen
P J Slaughter

Details of these directors' qualifications and attendance at audit committee meetings are set out in the directors' report on pages 27 to 29. All members of the Committee are deemed independent directors in accordance with principles detailed on page 31.

The audit and risk management committee has appropriate financial expertise and all members are financially literate and have an appropriate understanding of the industries in which the Group operates.

The main responsibilities of the committee are to:

- review, assess and approve the annual full report, the half-year financial report and all other financial information published by the Company or released to the market
- assist the board in reviewing the effectiveness of the organisation's internal control environment covering:
 - effectiveness and efficiency of operations
 - reliability of financial reporting
 - compliance with applicable laws and regulations
- recommend to the board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance
- consider the independence and competence of the external auditor on an ongoing basis
- review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence
- review and monitor related party transactions and assess their propriety
- report to the board on matters relevant to the committee's role and responsibilities

In fulfilling its responsibilities, the audit and risk management committee:

- receives regular reports from management and the external auditors
- meets with the external auditors at least twice a year or more frequently if necessary
- reviews the processes the Managing Director and Chief Financial Officer have in place to support their certifications to the board
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved
- meets separately with the external auditors at least twice a year without the presence of management
- provides the external auditors with a clear line of direct communications at any time to either the Chairman of the audit and risk management committee or the Chairman of the Board.

The audit and risk management committee has authority, within the scope of its responsibilities, to seek information it requires from any employee or external party.

CORPORATE GOVERNANCE STATEMENT (continued)

External Auditors

The Company and audit and risk management committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. BDO Kendalls was appointed as the external auditor in 2006. It is BDO Kendalls policy to rotate audit engagement partners on listed companies at least every five years, and in accordance with that policy a new audit engagement partner will be introduced for the year ended 30 June 2012.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in note 27 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the audit and risk management committee.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Risk Assessment and Management

The Board, through the audit and risk management committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. These policies are available on the Company website. In summary, the company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Group's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. The Board actively promotes a culture of quality and integrity.

Detailed control procedures cover financial reporting, management accounting, project appraisal, environment, health and safety, IT security, compliance and other risk management issues.

The Managing Director develops an annual business plan to focus on the identification of the key business and financial risks which could prevent the Company from achieving its objectives. The Board is responsible for the review of the Group's strategic direction.

Code of Conduct for Directors and Employees

The Board has developed and approved a Code of Conduct (the Code) which applies to all directors and employees. The Code will be regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity.

The objective of the Code is to ensure that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies. A copy of the Code is available on the Company's website: www.nomadbuildingsolutions.com.au.

Code of Conduct Covering Obligations to Stakeholders

The Board has established a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders. This code deals with the following principal areas:

- responsibilities to shareholders
- responsibilities to clients, customers and consumers
- employment practices
- obligations relative to fair trading and dealing
- responsibilities to the community
- compliance with legislation affecting its operations
- compliance with the code

Directors' Report (continued)

CORPORATE GOVERNANCE STATEMENT (continued)

Trading in Company Securities

The Company has a securities trading policy for Directors and senior executives. The policy requires Directors to obtain clearance from the Chairman and senior executives to obtain clearance from the Managing Director if they intend to trade in securities of the Company. No trading is permitted if the person is aware of any price sensitive information or during specific non-trading or black out periods being from balance date until the release of the half-year and full year results and 1 month prior to the release of a prospectus. The details of any transactions must be notified to the Company Secretary.

Other employees are free to trade in company securities unless they are aware of or in possession of any price sensitive information. Employees are required to obtain confirmation from the Managing Director or the Company Secretary if they have any doubt whether they are able to trade in company securities.

The prohibitions extend to the related entities and families of the restricted person.

Continuous Disclosure and Shareholder Communication

The Company has policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings.

The Company hosts group and one-on-one briefings for institutional investors and analysts to discuss information previously released to the market and to provide background information to assist analysts and institutions in their understanding of the Company's business. The briefings are generally conducted by the Managing Director and the Chief Financial Officer.

The Managing Director and the Chief Financial Officer will correct factual inaccuracies or historical matters when reviewing analysts' reports. The Company will not provide price sensitive information or earnings guidance unless it has previously been disclosed to the market.

The Company Secretary has been nominated as the person responsible for communications with the Australian Stock Exchange (ASX). The role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX.

All shareholders receive a copy of the Company's annual reports. In addition, the Company seeks to provide opportunities for shareholders to participate through electronic means. This includes making all Company announcements, media briefings, details of Company meetings, press releases and financial reports available on the Company's website: www.nomadbuildingsolutions.com.au.

REMUNERATION REPORT

The remuneration report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Service agreements
- D. Share based compensation

A. Principles used to determine the nature and amount of remuneration (audited)

The Group's remuneration structure takes the following into account:

- the capability and experience of the directors and senior executives,
- the senior executives' ability to control the relevant division's performance,
- the Group's performance including:
 - the Group's earnings,
 - the growth in share price and returns on shareholder wealth, and
- the amount of incentives (if any) within each director's and senior executive's remuneration.

Remuneration levels are competitively set to attract qualified and experienced directors and senior executives and are reviewed on an annual basis. The Group currently has in place a three tiered remuneration approach, the elements of which are:

- an annual remuneration package,
- short-term incentives in the form of bonuses, and
- long term incentives in the form of an option scheme

for certain senior executives, the details of which are included in this report.

When considering such incentives, the Board ensures that executive reward satisfies the following criteria for good reward governance practices:

- competitiveness and reasonableness,
- acceptability to shareholders,
- performance linkage/alignment of executive compensation,
- individual circumstances,
- transparency, and
- capital management.

The Group is currently considering short-term and long term incentive plans for other senior executives that will be formulated around the same principles outlined above. The remuneration framework will then provide a mix of fixed and variable pay and a blend of short and long term incentives.

Directors' Report (continued)

REMUNERATION REPORT (continued)

Directors

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of the directors. Non-executive directors' fees are reviewed annually by the board. When setting fees and other compensation for non-executive directors, the Board takes independent advice and applies Australian benchmarks. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

Non-executive directors currently do not receive share options or shares.

Directors' fees

The current base remuneration was reviewed with effect from 1 July 2006. The level of directors fees were discussed by the Board in June 2007 and agreed to remain unchanged for the coming year. No additional fees are payable to directors for their membership on board committees. The Board intends to obtain an independent review of non-executive fees in the forthcoming year.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum pool currently stands at \$400,000 per annum and was approved by shareholders on 25 September 2006.

The following fees, inclusive of superannuation, have applied:

Chairman	\$75,000 per annum
Other non-executive directors	\$55,000 per annum

Payment of expenses

Directors are entitled to receive reimbursement of travelling and other expenses that they properly incur in attending directors' meetings, attending any general meetings of the company or in connection with the Group's business.

Payment for extra services

A director called upon to perform extra services or undertake any executive or other work for the Group beyond his or her general duties, may be remunerated either by a fixed sum or a salary as determined by the directors. This is in addition to the director's usual remuneration provided.

Effect of cessation of office

Under the company's Constitution, with the approval of the company in a general meeting, the directors may, upon a director ceasing to hold office or at any time after a director ceases to hold office whether by retirement or otherwise, pay to the former director or any of the legal personal representatives or dependents of the former director, in the case of death a lump sum in respect of past services of the director of an amount not exceeding the amount either permitted by the Corporations Act or the Australian Stock Exchange listing rules.

The company may contract with any director to secure payment of the lump sum to the director, his or her legal personal representatives or dependants or any of them, unless prohibited by the Corporations Act or the Australian Stock Exchange listing rules.

Financial benefit

A director must ensure that the requirements of the *Corporations Act 2001* are complied with in relation to any financial benefit given by the company to the director or to any other related party of the director.

The company must not make loans to directors or provide guarantees or security for obligations undertaken by directors except as may be permitted by the *Corporations Act 2001*.

REMUNERATION REPORT (continued)

Executives

Executive pay

Executive remuneration and reward framework consists of the following components:-

- base pay and benefits, including superannuation;
- short-term performance incentives; and
- long term incentives through participation in the Nomad Long-term Incentive Option Plan.

The combination of these comprises the executive's total remuneration.

Base pay

Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provided analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for executives is reviewed annually to ensure that executive's pay is competitive to the market. An executive's pay is also reviewed on promotion. The remuneration committee received independent assessment of the senior executive remuneration packages in February 2007 and used this information to formulate a revised Managing Director executive services agreement which it recommended to the Board. The main feature of this agreement is to provide more flexibility for the Managing Director in selecting his mix of pay and benefits without the Company incurring additional costs.

There is no guaranteed base pay increases included in any executive's employment agreement.

Benefits

Executives, as part of their remuneration package, may receive benefits such as a car allowance or a fully maintained motor vehicle and a motor vehicle fuel card.

Superannuation

Retirement benefits are delivered as required under the Australian superannuation guarantee legislation.

Short-term incentives

Executives are entitled to short-term cash incentive (bonus) payments based on percentages of base salary. The payments comprise two components based upon the Group achieving profit targets and the executive meeting personal targets set at the beginning of the year. The payments of the short-term incentive is at the discretion of the board who consider the performance of the Group, whether value has been created for shareholders, that profit is consistent with the business plan and the executive's contribution to the business. The level of incentive is determined for each executive based on their ability to control the Group's performance. Cash incentives are determined based on financial years and are payable annually by 30 September each year.

Long-term incentives

Long-term incentives are available to executives via the Nomad Long-term Incentive Option Plan, see page 44 for further information.

Specific details relating to the terms and conditions of employment for each executive director are also set out below.

B.Details of remuneration (audited)

Amounts of remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Nomad Building Solutions Limited and the Group are set out in the following tables.

The key management personnel of the Group includes the directors of Nomad Building Solutions Limited as per pages 27 to 29 above and the following executive officers who report directly to the managing director and who have authority and responsibility for planning, directing and controlling the activities of the Group:

- | | | | |
|---------------|---------------------------------|---------------|-------------------------------------|
| • G A Dower | Chief Financial Officer | • R J Gibson | Queensland State Manager |
| • B P Milburn | General Manager Operations | • V P Nolan | General Manager McGrath Homes |
| • J H Paulus | Corporate Manager – EH&S and HR | • D E Putland | General Manager Sales and Marketing |

In addition, the corporate services manager, R E Tait is a Group executive whose remuneration must be disclosed under the *Corporations Act 2001* as he is one of the 5 highest remunerated executives for the year ended 30 June 2007.

Directors' Report (continued)

REMUNERATION REPORT (continued)

The following table provides the details of all directors of the company and the key employees of the Group with authority and the nature and amount of the elements of their remuneration for the year ended 30 June 2007:

2007	Short-term benefits			Non-monetary benefits	Post-employment benefits	Total
	Cash salary and fees	Cash bonus	Other		Super-annuation	
	\$	\$	\$	\$	\$	\$
Non-executive directors						
G L Allen	68,807	-	-	-	6,193	75,000
R L Blair	50,459	-	-	-	4,541	55,000
P J Slaughter (appointed 24/8/06)	43,019	-	-	-	3,872	46,891
Sub-total non-executive directors	162,285	-	-	-	14,606	176,891
Executive directors						
P W Guy	379,767	160,000	56,000	3,873	42,781	642,421
R E Tait (from 1/7/2006 to 25/8/06)	16,500	2,445	7,923	979	1,485	29,332
W J McGrath (appointed 21/12/06)	116,667	35,000	14,583	3,033	10,500	179,783
Other key management personnel						
G A Dower (from 4/12/06)	97,708	30,625	14,583	2,027	8,794	153,737
B P Milburn (from 11/12/06)	97,596	30,625	13,942	2,451	8,784	153,398
D E Putland (from 20/11/06)	107,692	30,625	15,104	2,306	9,692	165,419
J H Paulus	69,219	31,500	21,500	4,046	42,154	168,419
R J Gibson	115,000	31,834	22,000	4,783	10,350	183,967
V P Nolan (from 1/12/06)	72,917	21,875	14,583	3,033	6,563	118,971
Total key management personnel compensation	1,235,351	374,529	180,218	26,531	155,709	1,972,338
Other company executives						
R E Tait (from 26/8/06 to 30/6/07)	41,688	12,225	23,615	3,397	86,387	167,312

Directors' Report (continued)

REMUNERATION REPORT (continued)

2006 - From date of incorporation - 30 November 2005	Short-term benefits			Non- monetary benefits \$	Post- employment benefits	Total
	Cash salary and fees \$	Cash bonus \$	Other \$		Super- annuation \$	
Non-executive directors						
G L Allen (appointed 31/3/06)	12,615	-	-	-	1,135	13,750
R L Blair (appointed 31/3/06)	8,028	-	-	-	722	8,750
Sub-total non-executive directors	20,643	-	-	-	1,857	22,500
Executive directors						
P W Guy (appointed 30/11/05)	168,786	200,000	21,666	7,054	15,191	412,697
R E Tait (appointed 30/11/05)	53,846	60,000	17,231	-	4,846	135,923
G W McNally (appointed 19/12/05 - resigned 31/03/06)	-	-	-	-	-	-
Other key management personnel						
N Smith	41,077	15,000	-	-	3,697	59,774
J C McLennan	53,841	65,000	8,620	2,208	4,846	134,515
G L Scott	63,000	60,000	12,923	10,168	5,670	151,761
R J Gibson	66,333	30,000	2,167	-	5,970	104,470
Total key management personnel compensation	467,526	430,000	62,607	19,430	42,077	1,021,640

Directors' Report (continued)

REMUNERATION REPORT (continued)

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed Remuneration		At risk - STI	
	2007	2006	2007	2006
Executive directors				
P W Guy	75%	52%	25%	48%
R E Tait (1/7/06 – 24/8/06)	92%	56%	8%	44%
W J McGrath	81%	-	19%	-
Key management personnel				
G A Dower	80%	-	20%	-
B P Milburn	80%	-	20%	-
D E Putland	81%	-	19%	-
J H Paulus	81%	-	19%	-
R J Gibson	83%	-	17%	-
V P Nolan	82%	-	18%	-
Other senior management				
R E Tait (25/8/06 to 30/6/07)	93%	-	7%	-

C. Service agreements (audited)

On appointment to the board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

Remuneration and other terms of employment for the Managing Director and the other key management personnel are formalised in service agreements. Each of these agreements provide for the provision of performance-related cash bonuses, other benefits including car allowance and a fuel card, and participation, when eligible, in the Nomad Long-term Incentive Option Plan. Other major provisions of the agreements relating to remuneration are set out below.

P W Guy, Managing Director

- Term of agreement – for the period 15 December 2005 until 30 June 2009.
- Base salary for the year ended 30 June 2007 of \$400,500 to be reviewed annually by the remuneration committee.
- Other benefits including superannuation of 9% of base salary and a fully maintained motor vehicle or allowance.
- Short-term incentive bonus of up to 40% of base salary.
- Non-competition period of 9 months upon termination of employment with the company.
- 6 months notice of termination.

The board has agreed the terms with Mr Guy for a new executive service agreement to be effective from 1 July 2007 for a term of 4 years. The terms of the agreement are similar to the above and include an increase in the non-competition period from 9 months to 2 years and the notice of termination period from 6 months to 12 months.

W J McGrath, Chief Executive Officer – McGrath Homes

- Base salary of \$200,000, to be reviewed annually by the remuneration committee.
- Other benefits including superannuation of 9% of base salary and a motor vehicle allowance of \$25,000.
- Short-term incentive bonus of up to 30% of base salary.
- Non-competition period of 2 years upon termination of employment with the Group.
- 6 months notice of termination.

REMUNERATION REPORT (continued)

G A Dower, Chief Financial Officer / Company Secretary

- Base salary of \$175,000, to be reviewed annually by the remuneration committee.
- Other benefits including superannuation of 9% of base salary and a motor vehicle allowance of \$25,000.
- Short-term incentive bonus of up to 30% of base salary.
- Non-competition period of 2 years upon termination of employment with the Group.
- 6 months notice of termination.

B P Milburn, General Manager Operations

- Base salary of \$175,000, to be reviewed annually by the remuneration committee.
- Other benefits including superannuation of 9% of base salary and a motor vehicle allowance of \$25,000.
- Short-term incentive bonus of up to 30% of base salary.
- Non-competition period of 2 years upon termination of employment with the Group.
- 6 months notice of termination.

D E Putland, General Manager Sales and Marketing

- Base salary of \$175,000, to be reviewed annually by the remuneration committee.
- Other benefits including superannuation of 9% of base salary and a motor vehicle allowance of \$25,000.
- Short-term incentive bonus of up to 30% of base salary.
- Non-competition period of 2 years upon termination of employment with the Group.
- 6 months notice of termination.

J H Paulus, Corporate Environmental Health & Safety and Human Resources

- Base salary of \$125,000 to be reviewed annually by the remuneration committee.
- Other benefits including superannuation of 9% of base salary and a motor vehicle allowance of \$25,000.
- Short-term incentive bonus of up to 30% of base salary.
- Non-competition period of 2 years upon termination of employment with the Group.
- 6 months notice of termination.

V P Nolan, General Manager – McGrath Homes

- Base salary of \$125,000, to be reviewed annually by the managing director and reported to the remuneration committee.
- Other benefits including superannuation of 9% of base salary and a motor vehicle allowance of \$18,000.
- Short-term incentive bonus of up to 30% of base salary.
- Non-competition period of 2 years upon termination of employment with the Group.
- 6 months notice of termination.

R J Gibson, Queensland State Manager

- Base salary of \$115,000, to be reviewed annually by the managing director and reported to the remuneration committee.
- Other benefits including superannuation of 9% of base salary and a motor vehicle allowance of \$18,000.
- Short-term incentive bonus of up to 30% of base salary.
- Non-competition period of 2 years upon termination of employment with the Group.
- 6 months notice of termination.

Directors' Report (continued)

REMUNERATION REPORT (continued)

D. Share-based compensation (audited)

Options

Options over shares in Nomad Building Solutions Limited are granted under the Nomad Long-term Incentive Option Plan which was approved by shareholders on 25 September 2006. The Nomad Long-term Incentive Option Plan is designed to provide long-term incentives for executives to deliver long-term shareholder returns. Under the plan, participants are granted options which vest in equal tranches on the 1st, 2nd and 3rd anniversary from the grant date. The options can only be exercised if certain performance standards are met and the employees are still employed by the Group. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Once vested, the options remain exercisable for a period of 4 years from the grant date. When exercisable, each option is convertible into one ordinary share. Exercising of the options is subject to Nomad Building Solutions Limited's total return to shareholders, including share price growth, dividends and capital returns, exceeding 15% per annum from the grant date and also exceeding the return of the ASX 300 All Industrials Accumulation Index.

The exercise price of the options is \$1.15. The exercise price was established prior to the Company listing on the Australian Stock Exchange in October 2006. Since then the Company's share price has substantially outperformed both performance criteria, however, the exercise price remains at \$1.15.

Options granted under the plan carry no dividend or voting rights.

No options over ordinary shares were issued under the Nomad Long-term Incentive Option Plan during the year ended 30 June 2007 or to the date of this report. Following the release of the 2007 Annual Financial Accounts, the Board intends to issue options under the Nomad Long-term Incentive Option Plan to certain key management personnel.

E. Additional information (unaudited)

Performance of Nomad Building Solutions Limited

In the current year the Group exceeded the forecasts included in the prospectus dated 25 September 2006 prepared for the initial public offer of shares in the company. The net profit after tax of \$16,612,000 exceeded the prospectus forecast of \$11,500,000 by 44%. Dividends relating to the period since listing on the Australian Stock Exchange total 7.5 cents per share which is above the forecast 6 cents per share. Shares in the company have increased from \$1.00 at the time of the initial public offer to \$2.69 at 30 June 2007.

The very strong growth in revenue and profits of the Group over the past year and with all key management personnel achieving a level of performance which qualified for their maximum bonus, indicates that the performance linked compensation structure is appropriate.

Details of remuneration cash: cash bonuses

For each cash bonus included in the tables on pages 40 and 41, 100% of the available bonus was taken up in the financial year with no amounts forfeited for not meeting the service and performance criteria.

Insurance of directors and officers

During the financial year, Nomad Building Solutions Limited paid a premium of \$59,015 to insure the directors and officers of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Directors' Report (continued)

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. The auditor has not been engaged for services other than audit services during the year.

Audit Services

During the year the following fees were paid or are payable for services provided by the auditor of the parent entity :

	Consolidated	
	2007	2006
	\$	\$
BDO Kendalls – audit and review of financial reports	49,500	20,000

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 46.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

BDO Kendalls Audit and Assurance (WA) Pty Ltd (formerly Horwath Audit (WA) Pty Ltd) continues in office, in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.



Geoffrey Allen
Chairman

Perth
24 August 2007

Auditor's Independence Declaration



BDO Kendalls

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ABN 79 112 284 787

24 August 2007

The Directors
Nomad Building Solutions Ltd
PO Box 488
SOUTH FREMANTLE WA 6162

Dear Sirs

DECLARATION OF INDEPENDENCE BY BDO KENDALLS TO THE DIRECTORS OF NOMAD BUILDING SOLUTIONS LIMITED

As lead auditor of Nomad Building Solutions Limited for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Nomad Building Solutions Limited and the entities it controlled during the period.

Yours faithfully
BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls

Glyn O'Brien
Director

Financial Report

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This financial report covers both Nomad Building Solutions Limited as an individual entity and the consolidated entity consisting of Nomad Building Solutions Limited and its subsidiaries. The financial report is presented in the Australian currency.

Nomad Building Solutions Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Nomad Building Solutions Limited
51 Alacrity Place
HENDERSON WA 6166

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities on pages 4 to 21 and in the directors' report on pages 24 and 25 both of which are not part of this financial report.

The financial report was authorised for issue by the directors on 24 August 2007. The company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial reports and other information are available on our website: www.nomadbuildingsolutions.com.au

For queries in relation to our reporting please call the company secretary on (08) 9437 8600.

Financial Report (continued)

Income Statements

For the year ended 30 June 2007
(7 month period ended 30 June 2006)

	Note	Consolidated		Parent Entity	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Revenue from continuing operations	4	208,949	65,958	21,794	--
Other income	5	95	-	-	-
Raw materials, consumables and contract labour		(165,502)	(51,440)	-	-
Depreciation and amortisation expense	6	(3,349)	(2,308)	-	-
Operating lease costs	6	(3,080)	(650)	-	-
Employee benefits expense	6	(8,188)	(1,608)	(180)	(100)
Other expenses		(2,909)	(2,760)	(299)	(524)
Finance costs	6	(2,201)	(1,032)	(1,296)	(800)
Profit / (loss) before income tax		23,815	6,160	20,019	(1,424)
Income tax (expense) / benefit	7	(7,203)	(1,870)	(906)	427
Profit / (loss) for the year		16,612	4,290	19,113	(997)
Profit / (loss) attributable to members of Nomad Building Solutions Limited		16,612	4,290	19,113	(997)
		Cents	Cents		
Basic and diluted earnings per share	37	18.9	42.5		

The above income statements should be read in conjunction with the accompanying notes.

Balance Sheets

As at 30 June 2007

	Note	Consolidated		Parent Entity	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	8	13,890	2,549	53	-
Trade and other receivables	9	37,786	24,351	271	-
Inventories	10	7,325	3,745	-	-
Total Current assets		59,001	30,645	324	-
Non-current assets					
Receivables	11	86	206	15,393	1,762
Other financial assets	12	98	-	49,132	31,972
Property, plant and equipment	13	22,251	5,268	-	-
Deferred tax assets	14	1,434	249	893	75
Intangible assets	15	42,734	26,084	-	-
Total non-current assets		66,603	31,807	65,418	33,809
Total assets		125,604	62,452	65,742	33,809
LIABILITIES					
Current liabilities					
Trade and other payables	16	34,605	17,709	103	-
Borrowings	17	5,574	6,918	-	6,121
Derivative financial instruments	18	-	25	-	25
Current tax liabilities		2,313	1,164	287	-
Provisions	19	760	70	-	-
Total current liabilities		43,252	25,886	390	6,146
Non-current liabilities					
Borrowings	20	23,155	14,578	9,233	11,160
Deferred tax liabilities	21	282	198	-	-
Provisions	22	10	-	-	-
Total non-current liabilities		23,447	14,776	9,233	11,160
Total liabilities		66,699	40,662	9,623	17,306
Net assets		58,905	21,790	56,119	16,503
EQUITY					
Contributed equity	23	47,601	17,500	47,601	17,500
Retained profits/(accumulated losses)	24	11,304	4,290	8,518	(997)
Total equity		58,905	21,790	56,119	16,503

The above balance sheets should be read in conjunction with the accompanying notes.

Financial Report (continued)

Statements of recognised income and expense

For the year ended 30 June 2007
(7 month period ended 30 June 2006)

	Consolidated		Parent Entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Net income recognised directly in equity	-	-	-	-
Profit (loss) for the year	16,612	4,290	19,113	(997)
Total recognised income and expense for the year	16,612	4,290	19,113	(997)
Attributable to:				
Members of Nomad Building Solutions Limited	16,612	4,290	19,113	(997)

The above statements of recognised income and expenses should be read in conjunction with the accompanying notes.

Financial Report (continued)

Cash Flow Statements
For the year ended 30 June 2007
(7 month period ended 30 June 2006)

	Note	Consolidated		Parent Entity	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		220,365	46,962	-	-
Payments to suppliers and employees (inclusive of GST)		(187,097)	(46,188)	(722)	(600)
Cash generated from operations		33,268	774	(722)	(600)
Interest paid		(2,201)	(811)	(1,246)	(579)
Income taxes (paid) received		(6,308)	(1,296)	49	-
Net cash inflow (outflow) from operating activities	35	24,759	(1,333)	(1,919)	(1,179)
Cash flows from investing activities					
Payments for property, plant and equipment	13	(20,102)	(3,635)	-	-
Payments for purchase of subsidiary net of cash acquired	31	(8,074)	(26,520)	(8,313)	(27,046)
Loans to related parties	30	-	(200)	-	(1,335)
Loans from related parties	30	-	-	7,690	-
Proceeds from sale of property, plant and equipment		-	3,462	-	-
Repayments of loans by related parties		190	10	-	-
Other		(98)	-	(98)	-
Interest received		276	30	46	-
Net cash (outflow) from investing activities		(27,808)	(26,853)	(675)	(28,381)
Cash flows from financing activities					
Proceeds from issues of shares and other equity securities		20,293	12,500	20,293	12,500
Proceeds from borrowings		27,322	21,154	9,650	17,900
Repayment of borrowings		(21,239)	(2,919)	(17,698)	(840)
Repayment of hire purchase and lease payments		(2,388)	-	-	-
Dividends paid to members prior to listing on the Australian Stock Exchange on 27 October 2006		(5,522)	-	(5,522)	-
Dividends paid to members subsequent to listing on the Australian Stock Exchange on 27 October 2006		(4,076)	-	(4,076)	-
Net cash inflow from financing activities		14,390	30,735	2,647	29,560
Net increase in cash and cash equivalents		11,341	2,549	53	-
Cash and cash equivalents at the beginning of the financial year		2,549	-	-	-
Cash and cash equivalents at the end of the financial year	8	13,890	2,549	53	-
Non-cash financing and investing activities	36				

The above cash flow statements should be read in conjunction with the accompanying notes.

Financial Report (continued)

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Nomad Building Solutions Limited as an individual entity and the consolidated entity consisting of Nomad Building Solutions Limited and its subsidiaries.

Comparatives

The company was incorporated on 30 November 2005. Comparatives included in this financial report are for the period from 30 November 2005 to 30 June 2006.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, including the Interpretations and the *Corporations Act 2001*.

Compliance with IFRSs

Australian Accounting Standards include Australian equivalents in International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Nomad Building Solutions Limited comply with International Financial Reporting Standards (IFRS). The parent entity financial statements and notes also comply with IFRS except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 *Financial Instruments: Disclosure and Presentation*.

Early adoption of standards

Accounting Standards and interpretations issued, not yet effective, and early adopted.

The following new accounting standards, amendments to standards and interpretations have been issued and are not mandatory as at 30 June 2007. They are available for early adoption and the Group has elected to apply the following pronouncements in preparing this financial report.

(i) *AASB 101: Presentation of Financial Statements (reissued October 2006)*

The Group has elected to early adopt the revised version of AASB 101: Presentation of Financial Statements for the annual financial period commencing 1 July 2006. The revised standard is mandatory for annual reporting periods commencing on or after 1 January 2007. The amendments result from an Australian Accounting Standards Board (AASB) decision that, in principle, all options that currently exist under International Financial Reporting Standards (IFRS) should be included in Australian Equivalents to International Financial Reporting Standards (AIFRS), and additional Australian disclosures initially required should be eliminated, other than those now considered particularly relevant in the Australian reporting environment or would be in conflict with the Corporations Act. Early adoption of the revised standard has had no effect on any of the amounts recognised in the financial report.

(ii) *AASB 2007-4: Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments (released April 2007)*

The Group has elected to early adopt AASB 2007-4: Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments for the annual financial period commencing 1 July 2006. These amendments are mandatory for annual reporting periods commencing on or after 1 July 2007. The amendments to the standards make changes to 34 standards as a result of an AASB decision that, in principle, all options that currently exist under IFRS should be included in AIFRS, and additional Australian disclosures initially required should be eliminated, other than those now considered particularly relevant in the Australian reporting environment or would be in conflict with the Corporations Act. Early adoption has no effect on any of the amounts recognised in the financial report or affected the presentation of amounts and disclosures.

Notes to the Financial Statements (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(iii) AASB 2007-7: Amendments to AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128.

AASB 2007-7 makes editorial amendments to six Standards and removes the encouragement in AASB 107: Cash Flow Statements to adopt a particular format for the cash flow statement. This amendment will have no effect on the amounts recognised in the financial report or on the disclosures in the financial report.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates and significant judgements

The preparation of financial statements in conformity of AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Nomad Building Solutions Limited ("company" or "parent entity") as at 30 June 2007 and the results of all subsidiaries for the year then ended. Nomad Building Solutions Limited and its subsidiaries together are referred to in this financial report as the Group of the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(f)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Nomad Building Solutions Limited.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for major business activities as follows:

(i) Sale of goods

Accounting Standard AASB 111 Construction Contracts – the Group uses the 'percentage of completion' method, which states "Provided that the outcome of the construction contract can be estimated reliably, contract revenue and contract expenses are recognised. This involves reporting revenue, expenses and profit attributable to the proportion of work completed".

The construction of assets for hire purposes are reclassified as hire buildings when completed. They are treated as work in progress while under construction.

(ii) Interest income

Interest income is recognised on a time proportional basis using the effective interest method.

Financial Report (continued)

Notes to the Financial Statements (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

Nomad Building Solutions Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity Nomad Building Solutions Limited and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

(e) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases (note 29). Finance leases are capitalised at the lease's inception at the lower of fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the asset's useful life.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 29). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(f) Business combinations

The purchase method of accounting is used to account for all business combinations including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributed to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price

Notes to the Financial Statements (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Business combinations (continued)

as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer note 1(o)). If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

The value of customer contracts and customer relationships at the date of acquisition are recognised as assets. The fair value attributed to these assets includes adjustments for associated cost contingencies including contract, client and capital risks.

(g) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested bi-annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for each where there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid instruments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement in other expenses.

(j) Inventories

(i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Financial Report (continued)

Notes to the Financial Statements (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Inventories (continued)

(ii) Construction work in progress

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the Group's construction activities in general.

(k) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell off an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal groups) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of each a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

(l) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of the cash flows of recognised assets or liabilities and highly probable forecast transactions (cash flow hedges).

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments, that does not qualify for hedge accounting are recognised immediately in the income statement and are included in other income or other expenses.

Notes to the Financial Statements (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(n) Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight line or diminishing value method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Hire buildings 8 years
- Plant and equipment 5 - 10 years
- Vehicles 4 - 8 years
- Furniture, fittings and equipment 3 - 10 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(o) Intangible assets

Intangible assets acquired in a business combination are initially measured at cost, which are their fair value at acquisition date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/business at the date of acquisition. Goodwill on acquisitions of subsidiaries and businesses is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Financial Report (continued)

Notes to the Financial Statements (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Intangible assets (continued)

(ii) Customer relationships and customer contracts

Customer relationships and customer contracts have finite useful lives and are carried at their fair value at date of acquisition less accumulated amortisation. Customer relationships have been amortised on a straight-line basis over a period of 5 years.

Customer contracts are amortised based on the timing of projected cash flows of the contracts in the order book at the date of acquisition.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition. They are initially measured at fair value and subsequently at amortised costs.

(q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(r) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year.

(s) Provisions

Provisions for legal claims and service warranties are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Notes to the Financial Statements (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experiences of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefits

Contributions paid or payable by the Group to employee superannuation funds are charged as an expense when incurred.

(iv) Share-based payments

Share-based compensation benefits are available to be provided to employees via the Nomad Long-term Incentive Option Plan. Information relating to the plan schemes is set out in note 38.

The fair value of options granted under the Nomad Long-term Incentive Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

(v) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(u) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(v) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

Financial Report (continued)

Notes to the Financial Statements (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(x) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

Change in accounting policy

The policy of recognising financial guarantee contracts as financial liabilities was adopted for the first time in the current financial year. In previous reporting periods, a liability for financial guarantee contracts was only recognised if it was probable that the debtor would default and a payment would be required under the contract.

The change in policy was necessary following the change in AASB 139 *Financial Instruments: Recognition and Measurement* made by AASB 2005-9 *Amendments to Australian Accounting Standards* in September 2005.

There was no impact on the consolidated financial statements of the Group or the parent entity earnings per share disclosed in note 37 due to be change in policy.

(y) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

Notes to the Financial Statements (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Rounding of amounts

The company is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(aa) New accounting standards and interpretations

The following new accounting standards, amendments to standards and interpretations have been issued, but are not mandatory for financial reporting years ended on 30 June 2007. All of the following are available for early adoption, but have not been applied in preparing this financial report:

(i) *AASB 7: Financial Instruments: Disclosures (released August 2005)*

AASB 7 replaces the disclosure requirements for financial instruments in AASB 132 *Financial Instruments: Disclosure and Presentation* and is applicable to annual reporting periods commencing on or after 1 January 2007. The Group expects to adopt the new standard on this date. Application will not affect any of the amounts recognised in the financial report, but will require significant additional disclosures in relation to financial instruments.

(ii) *AASB 2005-10: Amendments to Australian Accounting Standards (released September 2005)*

AASB 2005-10 makes consequential amendments to AASB 132 and nine other standards arising from the release of AASB 7 and is applicable to annual reporting periods commencing on or after 1 January 2007. The Group expects to adopt the amendments arising from the adoption of AASB 7 for the financial year ended 30 June 2008. Application will not affect any of the amounts recognised in the financial report, but will affect some disclosures.

(iii) *AASB 8: Operating Segments (released February 2007) and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 (released February 2007)*

AASB 8: *Operating Segments* replaces the disclosure requirements of AASB 114: *Segment Reporting*. AASB 2007-3 makes consequential amendments to 10 other standards as a result of the adoption of AASB 8. The new standard and its consequential amendments are applicable to annual reporting periods commencing on or after 1 January 2009. Application will not affect any of the amounts recognised in the financial report, but will require disclosures in relation to operating segments instead of business and geographical segments. The Group will adopt the new standard, together with its consequential changes, for the financial report dated 30 June 2010.

(iv) *AASB Interpretation 11: AASB 2 – Group and Treasury Share Transactions (released February 2007)*

AASB Interpretation 11 addresses certain transactions under AASB 2: *Share-based Payment*. It clarifies that when an entity's employees are granted rights to equity instruments, regardless if issued by the entity or its shareholders, the transactions are accounted for as equity-settled transactions under AASB 2. The Interpretation also confirms that if a share-based payment arrangement involving equity instruments of the parent are issued to a subsidiary's employees, that subsidiary will account for the share-based payment under AASB 2. The Interpretation is applicable for annual reporting periods commencing on or after 1 March 2007, and the Group is expected to adopt it from that date. This amendment will not have any impact on the consolidated financial report or the parent entity financial statements.

(v) *AASB 2007-1: Amendments to Australian Accounting Standards arising from AASB Interpretation 11 (released February 2007)*

AASB 2007-1 amends AASB 2: *Share-based Payment* to insert the transitional provisions of IFRS 2, previously contained in AASB 1: *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. The result is that the adoption of the Interpretation will be applied to the same periods as the transitional provisions used when the Group first adopted AIFRS. This amendment is applicable to the same period as Interpretation 11 and will be adopted by the Group at that time. There is no impact of adopting this amendment (as detailed above).

(vi) *AASB-I 10 Interim Financial Reporting and Impairment*

AASB-I 10 is applicable to reporting periods commencing on or after 1 November 2006. The Group has not recognised an impairment loss in relation to goodwill, investments in equity instruments or financial assets carried at cost in an interim reporting period but subsequently reversed the impairment loss in the annual report. Application of the interpretation will therefore have no impact on the Group's or the parent entity's financial statements.

Financial Report (continued)

Notes to the Financial Statements (continued)

NOTE 2: FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as an interest rate swap to hedge certain risk exposures.

(a) **Market risk**

(i) *Price risk*

The Group is not exposed to commodity price risk as supplier prices are fixed for each individual contract.

(ii) *Fair value interest rate risk*

The Group is exposed to changes in interest rates. In some circumstances, the Group uses interest rate swap contracts to hedge against interest rate increases. There are no interest rate swap contracts currently in place.

(b) **Credit risk**

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial instructions.

(c) **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance team aims at maintaining flexibility in funding by keeping committed credit lines available.

(d) **Cash flow and fair value interest rate risk**

As the Group has no interest-bearing assets, the Group's income and operating cash flows are not exposed to changes in market interest rates.

The Group's interest-rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. The Group manages its cash flow interest-rate risk by using interest rate swap contracts where considered necessary.

Notes to the Financial Statements (continued)

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill

Goodwill is recognised as part of business combinations. The businesses acquired have continued to experience strong cash flow growth for the Group since the acquisitions and therefore goodwill is not deemed to be impaired at reporting date. An impairment test has been performed which involves the use of assumptions and estimates (see note 15). If there are any significant changes in those assumptions or estimates it may have a material impact on the carrying value of goodwill.

(ii) Revenue recognition

In accordance with the accounting policy detailed in note 1 (c) (i), the Group recognises revenue for the major business activities using the percentage completion method outlined in AASB 111 – *Construction Contracts*. This involves reporting revenue, expenses and the profit attributable based on reliable estimates of the outcome of the construction contract.

Were the actual final outcome to differ by 10% from management's estimates, the Group would need to:

- decrease profit before tax by \$2,411,000, if unfavourable;
- increase profit before tax by \$2,411,000, if favourable.

NOTE 4: REVENUE

	Consolidated		Parent Entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
From continuing operations				
<i>Sales revenue</i>				
Sale of goods	208,673	65,907	-	-
<i>Other revenue</i>				
Interest	276	51	46	-
Dividend from controlled entity	-	-	17,000	-
Distribution from controlled trust	-	-	4,748	-
	208,949	65,958	21,794	-

NOTE 5: OTHER INCOME

Other	95	-	-	-
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Financial Report (continued)

Notes to the Financial Statements (continued)

NOTE 6: EXPENSES

	Consolidated		Parent Entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Profit (loss) before income tax includes the following specific expenses:				
<i>Depreciation</i>				
Hire assets	2,105	747	-	-
Plant and equipment	561	100	-	-
<i>Total depreciation</i>	2,666	847	-	-
<i>Amortisation</i>				
Customer contracts and relationships	683	1,461	-	-
<i>Total amortisation</i>	683	1,461	-	-
<i>Total depreciation and amortisation</i>	3,349	2,308	-	-
<i>Finance costs</i>				
Interest and finance charges paid/payable	2,201	1,032	1,296	800
<i>Finance costs expensed</i>	2,201	1,032	1,296	800
<i>Rental expense relating to operating leases</i>				
Minimum lease payments	3,080	650	-	-
<i>Total rental expense relating to operating leases</i>	3,080	650	-	-
<i>Employee benefits expense</i>				
Salary and wages	5,828	1,415	180	100
Performance related bonus	662	50	-	-
Defined contribution superannuation expense	766	143	-	-
Other employee expense	932	-	-	-
<i>Total employee benefits expense</i>	8,188	1,608	180	100

Notes to the Financial Statements (continued)

NOTE 7: INCOME TAX EXPENSE

	Consolidated		Parent Entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
(a) Income tax expense				
Current tax	7,515	2,503	673	(427)
Deferred tax	(312)	(633)	233	-
	7,203	1,870	906	(427)
Income tax expense is attributable to:				
Profit from continuing operations	7,203	1,870	906	(427)
Aggregate income tax expense (benefit)	7,203	1,870	906	(427)
Deferred income tax (benefit) expense included in income tax expense comprises:				
(Increase) decrease in deferred tax assets (note 14)	(75)	(163)	233	-
(Decrease) in deferred tax liabilities (note 21)	(237)	(470)	-	-
	(312)	(633)	233	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit (loss) from continuing operations before income tax expense (benefit)	23,814	6,160	20,019	(1,424)
Tax at the Australian tax rate of 30% (2006 – 30%)	7,144	1,848	6,006	(427)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Dividend from controlled entity	-	-	(5,100)	-
Entertainment	28	22	-	-
Other	31	-	-	-
Income tax expense (benefit)	7,203	1,870	906	(427)
(c) Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
Net deferred tax – debited directly to equity (notes 14 and 21)	1,058	75	1,050	75

(d) Tax consolidation legislation

Nomad Building Solutions Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation from the date the company acquired the controlled entities, commencing on 16 December 2005. The accounting policy in relation to this legislation is set out in note 1 (d).

The entities in the tax consolidated group are entering into a tax sharing agreement which limits the joint and several liabilities of the wholly-owned entities in the case of a default by the head entity, Nomad Building Solutions Limited.

The entities are also entering into a tax funding agreement under which the wholly-owned entities will fully compensate Nomad Building Solutions Limited for any current tax payable assumed and are to be compensated by Nomad Building Solutions Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Nomad Building Solutions Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the proposed tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Financial Report (continued)

Notes to the Financial Statements (continued)

NOTE 8: CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated		Parent Entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Cash at bank and on hand	13,890	2,549	53	-
	13,890	2,549	53	-
(a) Reconciliation to cash at the end of the year				
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:				
Balances as above	13,890	2,549	53	-
Balances per statement of cash flows	13,890	2,549	53	-
(b) Cash at bank and on hand				
The bank accounts are bearing floating interest rates currently 5.5% (2006:2.5%)				

NOTE 9: CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Consolidated		Parent Entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Trade receivables	36,624	22,953	-	-
Loans to key management personnel (secured)	-	1	-	-
Loans to key management personnel (unsecured)	-	15	-	-
Other receivables (a)	749	1,297	-	-
Prepayments	413	85	271	-
	37,786	24,351	271	-

Refer to note 11 for the non-current portions of these receivables.

(a) Other receivables

These amounts relate to cash retentions held on certain contracts.

(b) Effective interest rates and credit risk

Information concerning the effective interest rate and credit risk of both current and non-current receivables is set out in the non-current receivables note 11.

Notes to the Financial Statements (continued)

NOTE 10: CURRENT ASSETS - INVENTORIES

	Consolidated		Parent Entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Raw material and stores - at cost	2,576	1,918	-	-
Work-in-progress - at cost	4,583	1,827	-	-
Stock on hand - at cost	166	-	-	-
	7,325	3,745	-	-

NOTE 11: NON-CURRENT ASSETS - RECEIVABLES

	Note	Consolidated		Parent Entity	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Loans to related parties		-	-	15,393	1,335
Loans to key management personnel (secured)	30	-	74	-	-
Loans to key management personnel (unsecured)	30	-	99	-	-
Other receivables		86	33	-	427
		86	206	15,393	1,762

(a) Fair values

The fair values and carrying values of non-current receivables of the Group are as follows:

	2007 \$'000		2006 \$'000	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Loans to key management personnel	-	-	173	173
Other receivables	86	86	33	33
	86	86	206	206

All other financial assets and financial liabilities are carried at an amount that approximates their fair value.

(b) Interest rate risk

The current and non-current receivables are non-interest bearing. The loans to key management personnel outstanding at 30 June 2006 were subject to floating rates of interest of 8% (2006: 8%).

(c) Credit risk

There is no concentration of credit risk with respect to current and non-current receivables, as the Group has a large number of customers. Refer to note 2 for more information on the risk management policy of the Group.

Financial Report (continued)

Notes to the Financial Statements (continued)

NOTE 12: NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS

	Consolidated		Parent Entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Shares in subsidiaries (note 32)	-	-	49,034	31,972
Other	98	-	98	-
	98	-	49,132	31,972

These financial assets are carried at cost.

NOTE 13: NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

Consolidated	Hire buildings \$'000	Plant and equipment \$'000	Total \$'000
Period ended 30 June 2006			
Opening net book amount	-	-	-
Additions	3,258	377	3,635
Acquisition of controlled entity	4,458	759	5,217
Held for sale and other disposals	(2,453)	(284)	(2,737)
Depreciation charge	(783)	(64)	(847)
Closing net book amount	4,480	788	5,268
At 30 June 2006			
Cost	5,275	1,168	6,443
Accumulated depreciation	(795)	(380)	(1,175)
Net book amount	4,480	788	5,268
Year ended 30 June 2007			
Opening net book amount	4,480	788	5,268
Additions	17,888	2,214	20,102
Acquisition of controlled entity	-	316	316
Held for sale and other disposals	(769)	-	(769)
Depreciation charge	(2,105)	(561)	(2,666)
Closing net book amount	19,494	2,757	22,251
At 30 June 2007			
Cost or fair value	22,117	3,896	26,013
Accumulated depreciation	(2,623)	(1,139)	(3,762)
Net book amount	19,494	2,757	22,251

Refer to note 20 (a) for information on non-current assets pledged as security by the Group.

Notes to the Financial Statements (continued)

NOTE 14: NON-CURRENT ASSETS - DEFERRED TAX ASSETS

	Consolidated		Parent Entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Share issue expenses (note 23)	893	68	893	75
Employee benefits	404	53	-	-
	1,297	121	893	75
Other				
Borrowing costs	89	115	-	-
Provisions	48	6	-	-
Derivatives financial instruments	-	7	-	-
Sub-total other	137	128	-	-
Total deferred tax assets	1,434	249	893	75
Deferred tax assets to be recovered within 12 months	704	107	227	15
Deferred tax assets to be recovered after more than 12 months	730	142	666	60
	1,434	249	893	75

Movements – Consolidated	Employee benefits \$'000	Derivative financial instruments \$'000	Share issue expenses \$'000	Borrowing costs \$'000	Other \$'000	Total \$'000
At 1 July 2005	-	-	-	-	-	-
Charged/(credited) to the income statement	42	8	(8)	115	6	163
Charged directly to equity	-	-	75	-	-	75
Acquisition of subsidiary	11	-	-	-	-	11
At 30 June 2006	53	8	67	115	6	249
Charged/(credited) to the income statement	299	(8)	(232)	(26)	42	75
Charged directly to equity	-	-	1,058	-	-	1,058
Acquisition of subsidiary	52	-	-	-	-	52
At 30 June 2007	404	-	893	89	48	1,434
Movement – Parent Entity						
At 1 July 2005	-	-	-	-	-	-
Charged/(credited) to the income statement	-	-	-	-	-	-
Charged directly to equity	-	-	75	-	-	75
At 30 June 2006	-	-	75	-	-	75
Charged/(credited) to the income statement	-	-	(232)	-	-	(232)
Charged directly to equity	-	-	1,050	-	-	1,050
At 30 June 2007	-	-	893	-	-	893

Financial Report (continued)

Notes to the Financial Statements (continued)

NOTE 15: NON-CURRENT ASSETS - INTANGIBLE ASSETS

Consolidated	Goodwill \$'000	Customer contacts \$'000	Customer relationships \$'000	Total \$'000
Period 30 June 2006				
Opening net book amount	-	-	-	-
Additions	25,055	1,381	740	27,176
Acquisition costs associated to subsidiary	369	-	-	369
Amortisation charge	-	(1,381)	(80)	(1,461)
Closing net book amount	25,424	-	660	26,084
At 30 June 2006				
Cost or fair value	25,424	1,381	740	27,545
Accumulated amortisation and impairment	-	(1,381)	(80)	(1,461)
Net book amount	25,424	-	660	26,084
Year ended 30 June 2007				
Opening net book amount at 1 July 2006	25,424	-	660	26,084
Additions	15,427	916	-	16,343
Acquisitions costs associated to acquisition of subsidiary	990	-	-	990
Amortisation charge	-	(535)	(148)	(683)
Closing net book amount	41,841	381	512	42,734
At 30 June 2007				
Cost of fair value	41,841	2,297	741	44,879
Accumulated amortisation and impairment	-	(1,916)	(229)	(2,145)
Net book amount	41,841	381	512	42,734

Amortisation of \$683,000 (2006: \$1,461,000) is included in depreciation and amortisation expense in the income statement. Customer contracts are amortised over the life of the contract in the order book at 1 December 2006 (2006: 16 December 2005). All contracts are expected to be completed by 30 November 2007 (2006: 30 June 2006). Customer relationships are amortised over 5 years.

(a) Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business combinations (see note 31 for allocation).

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections for a five year period based on financial budgets approved by management for the following year and then extrapolating the first year using an estimated growth rate of 7.5% per annum for years two through to five. The growth rate is consistent with the expectations for the industry.

Testing for impairment of goodwill is carried out on a bi-annual basis. No impairment charge has been recorded since recognising goodwill.

(b) Key assumptions used for value-in-use calculations

The value of customer contracts and relationships is reduced to reflect cost contingencies, including contract, client, capital and withdrawal risks.

The discount rate used of 12.5% reflects the specific risks relating to the relevant industry in which the business operates.

Notes to the Financial Statements (continued)

NOTE 15: NON-CURRENT ASSETS - INTANGIBLE ASSETS (continued)

(c) Impact of possible changes in key assumptions

The recoverable amount of the goodwill of each CGU comfortably exceeds the carrying amount of goodwill at 30 June 2007. The discount rate applied to the cash flow projections would have to be 32.5% before the recoverable amount of goodwill would equal the carrying amount.

NOTE 16: CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated		Parent Entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Trade payables	28,688	16,036	-	-
Other payables	5,917	1,673	103	-
	34,605	17,709	103	-

NOTE 17: CURRENT LIABILITIES - BORROWINGS

	Note	Consolidated		Parent Entity	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Secured					
Hire purchase liabilities	29	5,476	797	-	-
CRP notes	20(c)	-	6,121	-	6,121
Total secured current borrowings		5,476	6,918	-	6,121
Unsecured					
Other		98	-	-	-
Total current borrowings		5,574	6,918	-	6,121

(a) Interest rate exposure

Details of the Group's exposure to interest rate changes on borrowings are set out in note 20.

(b) Fair value disclosures

Details of the fair value of borrowings for the Group are set out in note 20.

(c) Security

Details of the security relating to each of the secured liabilities and further information on the bank loans are set out in note 20.

NOTE 18: CURRENT LIABILITIES - DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated		Parent Entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Non-current liabilities				
Interest rate swap contracts	-	25	-	25
	-	25	-	25

(a) Instruments used by the Group

The Group is not currently party to derivative financial instruments. During the year the Group cashed in a derivative financial instrument to hedge exposure to fluctuations in interest rates.

Financial Report (continued)

Notes to the Financial Statements (continued)

NOTE 18: CURRENT LIABILITIES - DERIVATIVE FINANCIAL INSTRUMENTS
(continued)

(i) Interest rate swap contracts

Nomad Building Solutions Limited entered into an interest rate swap agreement with ANZ Banking Group Limited in February 2006. The swap transaction related to 75% of the Senior Credit Facilities obtained as part of the funding for the acquisition of Nomad Modular Building Pty Ltd in December 2005. The interest rate swap agreement was cashed in April 2007 at the time of paying out all loans to the ANZ Banking Group Limited.

(b) Interest rate risk exposures

Refer to note 2 for the Group's exposure to interest rate risk.

NOTE 19: CURRENT LIABILITIES - PROVISIONS

	Note	Consolidated		Parent Entity	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Employee benefits		600	50	-	-
Audit fees	27	60	20	-	-
Other		100	-	-	-
		760	70	-	-

(a) Movement in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Audit fees \$'000	Other \$'000	Total \$'000
Consolidated - 2007			
Current			
Carrying amount at start of year	20	-	20
Additional provisions recognised	60	100	160
Amounts used during the period	(20)	-	(20)
Carrying amount at end of the year	60	100	160

NOTE 20: NON-CURRENT LIABILITIES - BORROWINGS

	Note	Consolidated		Parent Entity	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Secured					
Hire purchase liabilities	29	13,922	3,418	-	-
Bank loans	20(b)	9,233	11,160	9,233	11,160
Total secured non-current borrowings		23,155	14,578	9,233	11,160
Unsecured					
Loans from related parties		-	-	-	-
Total non-current borrowings		23,155	14,578	9,233	11,160

Notes to the Financial Statements (continued)

NOTE 20: NON-CURRENT LIABILITIES - BORROWINGS (continued)

(a) Assets pledged as security

The bank loans are secured by:

- a first ranking fixed and floating charge over all the assets and undertakings of each entity in the Group
- a share and unit mortgage over shares and units held by Nomad Building Solutions Limited in wholly owned Group entities
- a share mortgage held in shares held by Nomad Modular Building Pty Ltd in wholly owned Group entities
- a cross guarantee and indemnity from each of Nomad Building Solutions Limited and its wholly owned entities
- a negative pledge from each of Nomad Building Solutions Limited and its wholly owned entities not to create any encumbrance over its assets and imposes other restrictions on the Group in relation to assets disposals, acquisitions, providing financial accommodation and guarantees.

The hire purchase liabilities are secured by the financier having the right to the asset under hire purchase in the event of default.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	Note	Consolidated		Parent Entity	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current					
Floating charge					
Cash and cash equivalents	8	13,890	2,549	53	-
Receivables	9	37,786	24,351	271	-
Inventories	10	7,325	3,745	-	-
Total current assets pledged as security		59,001	30,645	324	-
Non-current					
Hire purchase liabilities					
Hire buildings	13	19,494	4,480	-	-
Floating charge					
Plant and equipment	13	2,757	788	-	-
Receivables	11	86	206	15,393	1,762
Other financial assets	12	98	-	49,132	31,972
		2,941	994	64,525	33,734
Total non-current assets pledged as security		22,435	5,474	64,525	33,734
Total assets pledged as security		81,436	36,119	64,849	33,734

(b) Bank loans

2007

The bank loans are provided by Westpac Banking Corporation under a facility agreement entered in April 2007. The bank loans have variable interest rates and are repayable within 3 years. The current interest rate is 6.96%.

2006

The bank loans were provided by the ANZ Banking Group under a facility agreement entered in December 2005 to facilitate the acquisition of a subsidiary. The bank loans were subject to variable rates of interest and repayable within 5 years with quarterly repayments. The interest rate at June 2006 was 8.02%. The loans were repaid in full in October 2006 from proceeds received from the initial public offer of shares in the company. The facilities with the ANZ Banking Group were terminated in April 2007.

See note (d) below for further information on the bank loans

Financial Report (continued)

Notes to the Financial Statements (continued)

NOTE 20: NON-CURRENT LIABILITIES - BORROWINGS (continued)

(c) CRP notes

In December 2005, CRP notes were issued by the company to ANZ Banking Group Limited with a face value of \$5,900,000. The notes entitled the holder to a yield of 15%. The notes were redeemed in October 2006 from proceeds received from the initial public offer of shares in the company.

(d) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

	Consolidated		Parent Entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Credit standby arrangements				
Total facilities				
Working capital – including overdraft	5,000	2,000	5,000	-
Cash advance	12,000	12,000	12,000	12,000
CRP note	-	5,900	-	5,900
Contingent instrument	25,000	11,000	25,000	-
Asset finance	25,000	7,000	25,000	-
	67,000	37,900	67,000	17,900
Used at balance date				
Working capital – including overdraft	-	-	-	-
Cash advance	9,233	11,160	9,233	11,160
CRP note	-	5,900	-	5,900
Contingent instrument	16,930	8,757	16,930	-
Asset finance	19,398	4,973	19,398	-
	45,561	30,790	45,561	17,060
Unused at balance date				
Working capital – including overdraft	5,000	2,000	5,000	-
Cash advance	2,767	840	2,767	840
CRP note	-	-	-	-
Contingent instrument	8,070	2,243	8,070	-
Asset finance	5,602	2,027	5,602	-
	21,439	7,110	21,439	840
Bank loan facilities				
Total facilities	67,000	37,900	67,000	17,900
Used at balance date	45,561	30,790	45,561	17,060
Unused at balance date	21,439	7,110	21,439	840

The working capital facility may be drawn at any time so long as the making of the drawing does not exceed the total facility limit. The asset finance facility is a hire purchase facility which is drawn progressively as required, but must not exceed a five year term. The contingent instrument facility can be drawn progressively as required in respect to bank guarantee security required for sales contracts and some operating leases.

Notes to the Financial Statements (continued)

NOTE 20: NON-CURRENT LIABILITIES - BORROWINGS (continued)

(e) Interest rate risk exposures

The following tables set out the Group's exposure to interest rate risk, including the contractual repricing dates and the effective weighted average interest rate by maturity periods.

Exposures arise predominantly from liabilities bearing variable interest rates as the Group intends to hold fixed rate liabilities to maturity.

2007	Floating interest rate \$'000	1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	Non-interest bearing \$'000	Total \$'000
Bank loans (note 20)	9,233	-	-	-	-	-	-	9,233
Trade and other payables (note 16)	-	-	-	-	-	-	34,605	34,605
Hire purchase liabilities (note 17, 20 and 29)	-	5,476	5,872	5,469	2,219	353	-	19,389
Other loans (note 17)	-	98	-	-	-	-	-	98
	9,233	5,574	5,872	5,469	2,219	353	34,605	63,325
Weighted average interest rate	6.96%	7.18%	7.15%	7.15%	7.10%	7.08%	-%	

2006	Floating interest rate \$'000	1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	Non-interest bearing \$'000	Total \$'000
Bank loans (note 20)	11,160	-	-	-	-	-	-	11,160
CRP notes (note 17)	-	6,121	-	-	-	-	-	6,121
Trades and other payables (note 16)	-	-	-	-	-	-	17,709	17,709
Hire purchase liabilities (note 17, 20 and 29)	-	797	878	922	957	661	-	4,215
	11,160	6,918	878	922	957	661	17,709	39,205
Weighted average interest rate	8.02%	13.64%	7.40%	7.40%	7.42%	7.45%	-%	

The floating interest rates on the bank loans outstanding at 30 June 2006 were subject to an interest rate swap contract (refer to note 18). Interest on the bank loans was payable based on a base rate, being the average bid rate on bank accepted bills, plus a margin ranging from 1.5% to 2.25%. The interest rate swap contract provided a cap of 7.0% on the base rate for 75% of the bank loan balance outstanding.

Financial Report (continued)

Notes to the Financial Statements (continued)

NOTE 20: NON-CURRENT LIABILITIES - BORROWINGS (continued)

(f) Fair value

The carrying amounts and fair values of borrowings at balance date are:

	2007		2006	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
On-balance sheet				
<i>Non-traded financial liabilities</i>				
Bank loans	9,233	9,233	11,160	11,160
Convertible note	-	-	6,121	6,121
Other loans	98	98	-	-
Lease liabilities	19,398	19,398	4,215	4,215
	28,729	28,729	21,496	21,496

Fair value is inclusive of costs which would be incurred on settlement of a liability.

(i) On-balance sheet

The fair value of borrowings is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

NOTE 21: NON-CURRENT LIABILITIES - DEFERRED TAX LIABILITIES

	Consolidated		Parent Entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
The balance comprises temporary differences attributable to:				
Intangible assets	268	198	-	-
<i>Other</i>				
Prepayments	14	-	-	-
Total deferred tax liabilities	282	198	-	-
Deferred tax liabilities to be settled within 12 months	173	44	-	-
Deferred tax liabilities to be settled after more than 12 months	109	154	-	-
	282	198	-	-

	Intangible assets \$'000	Other \$'000	Total \$'000
Movement - Consolidated			
At 1 July 2005	-	-	-
(Credited) to the income statement	(438)	(32)	(470)
Acquisition of subsidiary	636	32	668
At 30 June 2006	198	-	198
(Credited) to the income statement	(205)	(33)	(238)
Acquisition of subsidiary	275	47	322
At 30 June 2007	268	14	282

Notes to the Financial Statements (continued)

NOTE 22: NON-CURRENT PROVISIONS

	Consolidated		Parent Entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Employee benefits - long service leave	10	-	-	-

NOTE 23: CONTRIBUTED EQUITY

(a) Share capital

	Note	Consolidated and Parent Entity			
		2007 Shares	2006 Shares	2007 \$'000	2006 \$'000
Ordinary shares					
Fully paid	(b), (d)	116,466,124	10,087,500	47,601	17,500
E' Class Shares	(c), (e)	-	4,900	-	-
F' Class Shares	(c), (e)	-	320	-	-
		-	5,220	-	-
		116,466,124	10,092,720	47,601	17,500

(b) Movements in ordinary share capital

Date	Details	Note	Number of shares	Issue price	\$'000
30 November 2005	Initial subscription		2,500,000	\$1.00	2,500
19 December 2005	Share issue		7,587,500	\$2.00	15,175
					17,675
	Less: Transaction costs arising on share issues				(175)
30 June 2006	Balance		10,087,500		17,500
22 September 2006	7.3 to 1 share split prior to the initial public offer		73,760,500	\$0.00	-
27 October 2006	Share issue for initial public offer		23,868,124	\$1.00	23,868
21 December 2006	Share issue as part consideration for acquisition of controlled entity	31	8,750,000	\$1.00	8,750
					50,118
	Less: Transaction costs arising on share issues				(3,575)
	Deferred tax credit recognised directly in equity				1,058
30 June 2007	Balance		116,466,124		47,601

The purpose of the initial public offer was to allow vendors to sell down all or some of their shareholding and generate capital for the company to repay debt and provide general working capital.

Financial Report (continued)

Notes to the Financial Statements (continued)

NOTE 23: CONTRIBUTED EQUITY (continued)

(c) Movements in E and F class shares

Date	Details	Notes	Number of shares	Issue Price	\$'000
27 June 2006	Share issue		5,220	\$0.01	-
30 June 2006	Balance		5,220		-
1 August 2006	Shares bought back and cancelled	(h)	(5,220)	\$0.01	-
30 June 2007	Balance		-		-

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amount paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(e) Other equity securities

'E' and 'F' class shares do not confer on the holders any right to vote at any meeting of the company's members, or any right on a winding up of the company to participate in any distribution of surplus assets or profits of the company. In all other respects 'E' and 'F' shares have the same rights and privileges and rank equally with ordinary shares.

'E' and 'F' Class shares were the subject of an off-market buy-back and cancellation during the year as the company prepared for listing on the Australian Stock Exchange.

(f) Dividend reinvestment plan

The company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at a 2.5% discount to the market price.

(g) Options

Information relating to the Nomad Long-term Incentive Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 38.

(h) Share buy-back

In August 2006 the company purchased and cancelled all 5,220 'E' and 'F' class shares in order to simplify the company's capital structure prior to changing to a public company and listing on the Australian Stock Exchange.

There is no current on-market buy-back.

Notes to the Financial Statements (continued)

NOTE 24: RETAINED PROFITS (Accumulated Losses)

	Note	Consolidated		Parent Entity	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Movements in retained profits/(accumulated losses) were as follows:					
Balance 1 July		4,290	-	(997)	-
Net profit/(loss) for the year		16,612	4,290	19,113	(997)
Dividends	25	(9,598)	-	(9,598)	-
Balance 30 June		11,304	4,290	8,518	(997)

NOTE 25: DIVIDENDS

	Parent Entity	
	2007 \$'000	2006 \$'000
(a) Ordinary shares		
Final dividend for the period ended 30 June 2006 of 49.6 cents per fully paid share on 29 September 2006 Fully franked based on tax paid @ 30%	5,000	-
Interim dividend for the year ended 30 June 2007 of 3.5 cents per fully paid share paid on 20 April 2007 Fully franked based on tax paid @ 30%	4,076	-
(b) 'E' and 'F' class shares		
Final dividend for the period ended 30 June 2006 of \$100 per fully paid E and F class share paid on 13 July 2006 Fully franked based on tax paid @ 30%	522	-
Total dividends provided for or paid	9,598	-
Dividends paid in cash	9,598	-
(c) Dividends not recognised at year end		
In addition to the above dividends, since year end the directors have declared the payment of a final dividend of 4 cents per fully paid ordinary share (2006 – 49.6 cents) fully franked based on tax at 30%. The aggregate amount of the dividend expected to be paid on 26 October 2007 out of retained profits at 30 June 2007, but not recognised as a liability at year end, is	4,659	5,522

(d) Franked dividends

The franked portions of the final dividend declared after 30 June 2007 will be franked out of existing franking credits and out of franking credits arising from the payment of income tax for the year ending 30 June 2007.

	Consolidated		Parent Entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2006 – 30%) are:	6,528	4,846	6,528	4,846

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- (a) franking credits that will arise from the payment of the amount of the provision for income tax
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The impact on the franking account of the dividend declared by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of \$1,997,000 (2006: \$2,367,000).

Financial Report (continued)

Notes to the Financial Statements (continued)

NOTE 26: KEY MANAGEMENT PERSONNEL

(a) Directors

The following persons were directors of Nomad Building Solutions Limited during the financial year:

- (i) Chairman – non-executive
G L Allen
- (ii) Executive directors
P W Guy - Managing Director
R E Tait (from 1 July 2006 to 25 August 2006)
W J McGrath (from 21 December 2006)
- (iii) Non-executive directors
R L Blair
P J Slaughter (from 24 August 2006)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position	Employer
G A Dower	Chief Financial Officer (from 4 December 2006)	Nomad Modular Building Pty Ltd
R J Gibson	Queensland State Manager	Nomad Modular Building Pty Ltd
B P Milburn	General Manager of Operations (from 11 December 2006)	Nomad Modular Building Pty Ltd
V P Nolan	General Manager McGrath Homes (from 1 December 2006)	Pivot Way Pty Ltd
J H Paulus	Corporate Manager – EH&S and HR (from 1 July 2006)	Nomad Modular Building Pty Ltd
D E Putland	General Manager Sales and Marketing (from 20 November 2006)	Nomad Modular Building Pty Ltd

The following were key management persons during the year ended 30 June 2006:

Name	Position
R J Gibson	Queensland State Manager
N Smith	General Manager of Operations
R E Tait	General Manager Corporate Services
J C McLennan	Financial Controller
G L Scott	General Manager of Construction

(c) Key management personnel compensation

	Consolidated		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Short-term employee benefits	1,816,629	979,563	162,285	450,643
Post-employment benefits	155,709	42,077	14,606	1,857
	1,972,338	1,021,640	176,891	452,500

The company has taken advantage of the relief provided by *Corporations Regulations* 2M.6.04 and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in sections A-C of the remuneration report on pages 37 to 43.

Notes to the Financial Statements (continued)

NOTE 26: KEY MANAGEMENT PERSONNEL (continued)

(d) Equity instrument disclosure relating to key management personnel

- (i) Options provided as remuneration, and shares issued on exercise of such options.

Details of options provided as remuneration and shares issued on the exercise of such options, together with the terms and conditions of the options can be found in section D of the remuneration report on page 44.

- (ii) Option holdings

There were no options issued to or held by any director or other key management personnel during the years ended 30 June 2006 or 2007.

- (iii) Share holdings

The numbers of shares in the company held during the financial year by each director of Nomad Building Solutions Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2007				
Name	Balance at the start of the year	Share split	Other changes during the year	Balance at the end of the year
Directors of Nomad Building Solutions Limited				
Ordinary Shares				
G L Allen	32,609	238,439	-	271,048
P W Guy	500,000	3,656,035	200,000	4,356,035
R L Blair	21,739	158,957	-	180,696
P J Slaughter	-	-	50,000	50,000
W J McGrath	-	-	4,550,000	4,550,000
'E' Class shares				
P W Guy	1,400	-	(1,400)	-
Other key management personnel of the Group				
Ordinary shares				
G A Dower	-	-	10,000	10,000
R J Gibson	50,000	365,603	-	415,603
B P Milburn	-	-	-	-
V P Nolan	-	-	2,100,000	2,100,000
J H Paulus	-	-	10,000	10,000
D E Putland	-	-	-	-
'E' Class shares				
R J Gibson	210	-	(210)	-
'F' Class shares				
J H Paulus	175	-	(175)	-

Financial Report (continued)

Notes to the Financial Statements (continued)

NOTE 26: KEY MANAGEMENT PERSONNEL (continued)

(iii) Share holdings (continued)

2006				
Name	Balance at the start of the year	Share split	Other changes during the year	Balance at the end of the year
Directors of Nomad Building Solutions Limited				
Ordinary shares				
G L Allen	-	-	32,609	32,609
P W Guy	-	-	500,000	500,000
R L Blair	-	-	21,739	21,739
R E Tait	-	-	400,000	400,000
'E' Class shares				
P W Guy	-	-	1,400	1,400
R E Tait	-	-	395	395
Other key management personnel of the Group				
Ordinary shares				
J C McLennan	-	-	200,000	200,000
G L Scott	-	-	300,000	300,000
R J Gibson	-	-	50,000	50,000
'E' Class shares				
J C McLennan	-	-	436	436
G L Scott	-	-	390	390
R J Gibson	-	-	210	210

(f) Other transactions with key management personnel

A director, Mr W J McGrath, is a director of Delawney Holdings Pty Ltd. Nomad Building Solutions Limited has rented premises from Delawney Holdings Pty Ltd since December 2006. The rental agreement is based on normal commercial terms and conditions.

A director, Mr W J McGrath, and the general manager of McGrath Homes, Mr V P Nolan, were previous unit holders in the Pivot Way Trust trading as McGrath Homes. Loans owing to Mr McGrath and Mr Nolan at the time the Group acquired the Pivot Way Trust totalling \$2,700,535 were subsequently repaid. No interest was paid on the loans.

	Consolidated	
	2007 \$	2006 \$
Amounts recognised as expense		
Rent of premises	116,667	-

Notes to the Financial Statements (continued)

NOTE 27: REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the company, its related practices and non-related audit firms:

	Consolidated	
	2007 \$	2006 \$
(a) Assurance services		
BDO Kendalls (formerly Horwath Audit (WA) Pty Ltd)		
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	49,500	15,000
IFRS accounting services	-	5,000
Total remuneration for audit and other services	49,500	20,000

Tax advice and due diligence services have been provided by other chartered accounting firms not associated with BDO Kendalls during the year.

NOTE 28: CONTINGENCIES

Contingent liabilities

The Group had no contingent liabilities at 30 June 2007 (2006: nil).

Contingent instruments

The Group had outstanding guarantees to the value of \$16,930,000 (2006: \$8,757,000) (refer to note 20) all of which are expected to be recovered without claim. To date, no bank guarantees have been claimed. Bank guarantees are provided in certain contracts as a percentage of the contract sum. Generally, two bank guarantees each for 5% of the contract sum are provided:

- 1) to guarantee the performance of contractual terms until practical completion, and
- 2) as security for defects liability being the 12 month period from the date of practical completion.

There is no liability that should be recognised in relation to these guarantees.

NOTE 29: COMMITMENTS

(a) Capital commitments

	Consolidated		Parent Entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Property, plant and equipment Payable:				
Within one year	1,254	-	-	-
Later than one year but not later than five years	-	5,576	-	-
	1,254	5,576	-	-

The above commitments include capital expenditure commitments of \$1,254,000 (2006: \$5,576,000) relating to the buy-back commitment of accommodation units in July 2007. An agreement has been reached for the on-sale of the units that are subject to the buy-back commitment.

Financial Report (continued)

Notes to the Financial Statements (continued)

NOTE 29: COMMITMENTS (continued)

(b) Operating lease commitments - Group as lessee

	Consolidated		Parent Entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	2,905	1,619	-	-
Later than one year but not later than five years	4,157	2,952	-	-
	7,062	4,571	-	-
Representing:				
Cancellable operating leases	65	-	-	-
Non-cancellable operating leases	6,997	4,571	-	-
	7,062	4,571	-	-

Operating leases

The Group leases various offices and warehouses under non-cancellable operating leases expiring within two to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The Group also leases various plant and equipment under cancellable operating leases. The Group is required to provide one months notice for termination of these leases.

(c) Finance leases (hire purchase)

	Note	Consolidated		Parent Entity	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Commitments for minimum lease payments in relation to hire purchase liabilities are payable as follows:					
Within one year		6,693	1,103	-	-
Later than one year but not later than five years		15,201	3,885	-	-
		21,894	4,988	-	-
Future finance charges on hire purchase liabilities		(2,496)	(773)	-	-
		19,398	4,215	-	-
Representing hire purchase liabilities:					
Current	17	5,476	797	-	-
Non-current	20	13,922	3,418	-	-
		19,398	4,215	-	-

Notes to the Financial Statements (continued)

NOTE 30: RELATED PARTY TRANSACTIONS

(a) Subsidiaries

The wholly-owned Group consists of Nomad Building Solutions Limited and its wholly owned controlled entities as detailed in note 32.

(b) Key management personnel

Disclosures relating to key management personnel are set out in note 26.

Loans under Division 7A were made to a 2006 year key management person in respect of the management buy-out on 16 December 2005. The loan was established in order for the manager to participate in the ownership of the company. The secured and unsecured loans are payable over 25 years and 7 years respectively. The loan and applicable interest rate was established in accordance with section 109N, of Division 7A of Part III of the Income Tax Assessment Act 1936. The loans were fully repaid during the year ended 30 June 2007. No new loans were made during the year.

No provisions for bad debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

(c) Transactions with related parties

	Consolidated		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Dividend from controlled entity	-	-	17,000,000	-
Distribution of profit from controlled trust	-	-	4,747,770	-
	-	-	21,747,770	-

(d) Loans to/from related parties

<i>Loans to/from subsidiaries</i>				
Beginning of the period	-	-	1,334,904	-
Loans advanced	-	-	11,768,035	1,334,904
Loans repayments	-	-	(19,457,583)	-
Dividend/distribution of profit	-	-	21,747,770	-
End of the year	-	-	15,393,126	1,334,904
<i>Loans from related parties</i>				
Beginning of the period	-	-	-	-
Loans assumed on acquisition of controlled entity	1,839,475	-	-	-
Loans repaid	(1,839,475)	-	-	-
End of the year	-	-	-	-

No provisions for bad debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

Financial Report (continued)

Notes to the Financial Statements (continued)

NOTE 31: BUSINESS COMBINATIONS

2007

(a) Summary of acquisition

On 21 December 2006, Nomad Building Solutions Limited acquired 100% of the issued share capital of Pivot Way Pty Ltd and 100% of the units in the Pivot Way Trust (trading as McGrath Homes) with effect from 1 December 2006.

The acquired business contributed revenues of \$25,176,221 and net profit of \$2,936,669 to the Group for the period of 1 December 2006 to 30 June 2007. If the combination had occurred on 1 July 2006, the revenue from continuing operations for the Group would have been \$220,998,787 and profit would have been \$17,819,374

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

Purchase consideration (refer to (b) below):

	\$'000
Cash paid	7,322
Equity – script for script roll over	8,750
Direct costs relating to the acquisition	990
Total purchase consideration	17,062
Fair value of net identifiable assets acquired	(646)
Goodwill (refer to (c) below and note 15)	16,416

(b) Purchase consideration

Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	7,322
Less cash acquired	(248)
Outflow of cash	7,074

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Cash	248	248
Receivables	3,018	3,018
Work in progress	2,750	2,750
Customer contracts	916	916
Property, plant and equipment	316	316
Deferred tax assets	52	52
Payables	(2,620)	(2,620)
Deferred tax liabilities	(322)	(322)
Provisions	(173)	(173)
Borrowings	(3,539)	(3,539)
Net identifiable assets acquired	646	646

The goodwill is attributable to the high profitability of the acquired business. The fair value of assets and liabilities acquired are based on discounted cash flow models. No acquisition provisions were created.

Notes to the Financial Statements (continued)

NOTE 31: BUSINESS COMBINATIONS (continued) 2006

(a) Summary of acquisition

On 16 December 2005 Nomad Building Solutions Limited acquired 100% of the issued share capital of Nomad Modular Building Pty Ltd (formerly Nomad Consolidated Pty Ltd).

The acquired business contributed revenue of \$65,958,000 and net profit of \$5,287,000 to the Group for the period from 16 December 2005 to 30 June 2006. If the combination had occurred on 1 July 2005, revenue from continuing operations for the Group for the year ended 30 June 2006 would have been \$92,821,000 and profit would have been of \$6,128,000.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	\$'000
Purchase consideration (refer to (b) below):	
Cash paid	26,427
Equity – script for script roll over	5,175
Direct costs relating to the acquisition	369
Total purchase consideration	31,971
Fair value of net identifiable assets acquired (refer to (c) below)	(6,548)
Goodwill (refer to (c) below and note 15)	25,423

(b) Purchase consideration

Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	26,427
Less cash acquired	(527)
Outflow of cash	25,900

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Cash	527	527
Receivables	10,434	10,434
Work in progress	3,918	3,918
Other current assets	1,810	1,810
Customer contacts and Relationships	2,122	2,122
Property, plant and equipment	4,935	4,935
Payables	(7,640)	(7,640)
Other current liabilities	(5,583)	(5,583)
Deferred tax liabilities	(669)	(669)
Provisions	(37)	(37)
Non-current liabilities	(3,269)	(3,269)
Net identifiable assets acquired	6,548	6,548

The goodwill is attributable to the high profitability of the acquired business. The fair value of assets and liabilities acquired are based on discounted cash flow models. No acquisition provisions were created.

Financial Report (continued)

Notes to the Financial Statements (continued)

NOTE 32: SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name of entity	Country of Incorporation	Class of shares	Entity holding	
			2007 %	2006 %
Nomad Modular Building Pty Ltd	Australia	Ordinary	100	100
Nomad Transportables Pty Ltd	Australia	Ordinary	100	100
Pivot Way Pty Ltd	Australia	Ordinary	100	-
Pivot Way Trust	Australia	Units	100	-
Nomad Homes Pty Ltd	Australia	Ordinary	100	-

All entities are directly controlled by Nomad Building Solutions Limited except Nomad Transportables Pty Ltd which is 100% owned by Nomad Modular Building Pty Ltd.

NOTE 33: SEGMENT

The consolidated entity operates in one business segment within Australia.

NOTE 34: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Since 30 June 2007, the Group has executed an agreement to acquire the assets and business of Halley Homes, a Brisbane based transportable home builder, for \$5,995,000 with a cash consideration \$3,995,000 and the issue of 673,401 fully paid ordinary shares in Nomad Building Solutions Limited at \$2.97 per share.

The estimated fair value of the net identifiable assets of the company at the date of acquisition, expected to be 31 August 2007, is \$1,140,000 with purchased goodwill amounting to \$5,315,000. The operating results and assets and liabilities are to be consolidated from the expected completion date, 31 August 2007.

On 15 August 2007, the directors declared the payment of a final ordinary dividend of \$4,658,645 (4 cents per fully paid share) to be paid on 26 October 2007 out of retained profits at 30 June 2007.

The financial effects of the above transactions have not been brought to account at 30 June 2007.

Notes to the Financial Statements (continued)

NOTE 35: RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated		Parent Entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Profit/(loss) for the year	16,612	4,290	19,113	(997)
Non cash items:				
Depreciation and amortisation	3,349	2,308	-	-
Derivative financial instrument	(25)	25	(25)	25
Dividend and interest income	(276)	(30)	(46)	-
Written down value of hire assets sold as continuing operations	769	-	-	-
(Gain) on disposal of hire buildings	-	(1,255)	-	-
Distribution from controlled trust	-	-	(4,748)	-
Dividend from controlled entity	-	-	(17,000)	-
Change in operating assets and liabilities:				
(Increase) in trade debtors	(10,246)	(12,519)	-	-
(Increase) decrease in inventories	(241)	173	-	-
(Increase) in other operating assets	(831)	(1,914)	(271)	-
(Increase) decrease in deferred tax asset	(75)	-	668	-
Increase (decrease) in other provisions	986	343	(21)	-
Increase in trade creditors	13,826	7,681	124	220
Increase (decrease) in provision for income taxes	1,149	197	287	(427)
(Decrease) in provision for deferred tax liability	(238)	(632)	-	-
Net cash inflow (outflow) from operating activities	24,759	(1,333)	(1,919)	(1,179)

NOTE 36: NON-CASH INVESTING AND FINANCING ACTIVITIES

	Consolidated		Parent Entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Issue of ordinary shares for acquisition of controlled entity	8,750	-	8,750	-
Acquisition of plant and equipment by means of finance leases	-	-	-	-

NOTE 37: EARNINGS PER SHARE

	Consolidated	
	2007 Cents	2006 Cents
(a) Basic and diluted earnings per share	18.9	42.5
	Number	Number
(b) Weighted average number of shares used as the denominator in calculating basic earnings per share	87,829,658	10,087,500

Notes to the Financial Statements (continued)

NOTE 38: SHARE BASED PAYMENTS

Employee Option Plan

Options over shares in Nomad Building Solutions Limited are granted under the Nomad Long-term Incentive Option Plan which was approved by shareholders on 25 September 2006. The Nomad Long-term Incentive Option Plan is designed to provide long-term incentives for senior managers and above (including executive directors) to deliver long-term shareholder returns. Under the plan, participants are granted options which vest in equal tranches on the 1st, 2nd and 3rd anniversary from the grant date. The options can only be exercised if certain performance standards are met and the employees are still employed by the Group. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Once vested, the options remain exercisable for a period of 4 years from the grant date. When exercisable, each option is convertible into one ordinary share. Exercising of the options is subject to Nomad Building Solutions Limited's total return to shareholders, including share price growth, dividends and capital returns, exceeding 15% per annum and also exceeding the return of the ASX 300 All Industrials Accumulation Index. The exercise price of the options is \$1.15.

Options granted under the plan carry no dividend or voting rights.

No options over ordinary shares were granted under the Nomad Long-term Incentive Option Plan during the year ended 30 June 2007 or to the date of this report.

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 47 to 90 and the additional disclosures included in the directors' report designated as audited, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (c) the audited remuneration disclosures set out on pages 37 to 44 of the directors' report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

The directors have been given the declarations by the managing director and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



Geoffrey Allen
Chairman

Perth
24 August 2007

Independent Auditor's Report to Members



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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF NOMAD BUILDING SOLUTIONS LIMITED

Report on the Financial Report and AASB 124 Remuneration Disclosures Contained in the Directors' Report

We have audited the accompanying financial report of Nomad Building Solutions Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the directors' report. As permitted by the *Corporations Regulations 2001*, the consolidated entity has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124 *Related Party Disclosures*, under the headings A to D in the "Remuneration Report" in the directors' report and not in the financial report.

Directors' Responsibility for the Financial Report and the AASB 124 Remuneration Disclosures Contained in the Directors' Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the consolidated financial statements and notes, complies with International Financial Reporting Standards.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

Independent Auditor's Report to Members (continued)



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Nomad Building Solutions Limited in accordance with Section 307c, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion on the Financial Report


In our opinion the financial report of Nomad Building Solutions Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (c) the consolidated financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 1.

Auditor's Opinion on the AASB 124 Remuneration Disclosures Contained in the Directors' Report

In our opinion the remuneration disclosures that are contained under the headings A to D in the "Remuneration Report" of the directors' report comply with Accounting Standard AASB 124.

BDO Kendall's Audit & Assurance (WA) Pty Ltd

BDO Kendall's

Glyn O'Brien
Director

Perth, Western Australia
Dated this 24th day of August 2007

Shareholder Information

The shareholder information set out below was applicable as at 24 August 2007.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holdings:

	Ordinary Shares	
	Number of holders	Shares
1 - 1,000	229	160,490
1,001 - 5,000	734	2,331,058
5,001 - 10,000	498	4,238,911
10,001 - 100,000	412	10,455,484
100,001 and over	54	99,280,181
Total	1,927	116,466,124

There were 7 holders of less than a marketable parcel of 175 ordinary shares.

(b) Equity security holders

Twenty largest quoted equity security holders

The name of the twenty largest holders of quoted equity securities at 24 August 2007 are listed below:

Shareholder	Holding	%
National Nominees Ltd	14,019,278	12.04
J P Morgan Nominees Aust Ltd	9,342,207	8.02
ANZ Banking Group Ltd	8,221,721	7.06
HSBC Custodian Nominees Aust Ltd	6,116,225	5.25
ANZ Nominees Ltd <Cash Income a/c>	5,975,704	5.13
Mr Wayne James McGrath	4,550,000	3.91
Mr Phillip Wayne Guy	4,356,035	3.74
Cogent Nominees Pty Ltd <SMP Accounts>	4,284,974	3.68
Mr Ronald Edward Tait	3,324,828	2.85
TPIC Ltd	2,999,950	2.58
RBC Dexia Investor Services Aust Nominees	2,791,986	2.40
Mr Luis Alfredo Faundez	2,493,621	2.14
Mr Grant Lindsay Scott	2,493,621	2.14
Mr Mel Patrick McGrath	2,100,000	1.80
Meluka Nominees Pty Ltd	2,100,000	1.80
Cogent Nominees Pty Ltd	1,674,731	1.44
Mr Jeremy Charles McLennan	1,662,414	1.43
Ms Louise Elizabeth Michail & Mr Michael Claude Daniels	1,662,414	1.43
AMP Life Ltd	1,612,280	1.38
Bond Street Custodians Ltd	1,442,000	1.24
	83,223,989	71.46
Balance	33,242,135	28.54
	116,466,124	100.00

Shareholder Information (continued)

(c) Substantial holders

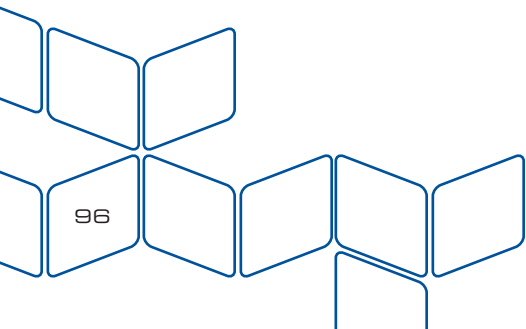
Substantial holders in the company are set out below:

Shareholder	Ordinary Shares	
	Number held	Percentage of issued shares
1. Nomad Group (including directors and management)	29,981,917	25.74
2. ANZ Group Limited	8,221,721	7.06
3. AMP Limited	7,740,981	6.65
4. Westpac Banking Corporation	7,423,086	6.37

(d) Voting rights

Every member present at a meeting of the company in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Notes



McGrath Homes
31 Challenge Boulevard
Wangara WA 6065
P: (08) 9302 1131
F: (08) 9302 1132

Nomad
Western Australia
51 Alacrity Place
Henderson WA 6166
P: (08) 9437 8600
F: (08) 9437 1899

Nomad
Queensland
3676 Ipswich Road
Wacol Qld 4076
P: (07) 3271 6222
F: (07) 3271 6444

Halley Homes
43 Lear Jet Drive
Caboolture QLD 4510
P: (07) 5428 3647
F: (07) 5428 3942

McGrath Homes
Lifestyle Living Solutions
69 Paramount Drive
Wangara WA 6065
P: (08) 9303 0400
F: (08) 9303 2131